

InfoSight Highlight

InfoSight – Board Responsibilities

Has your Board of Directors taken the Board of Directors Responsibility Quiz? How about the Financial Literacy IQ Test? Did you know that each member of your Board needs to have a working familiarity with basic finance and accounting practices and attend annual training on various topics? What about looking ahead to the future and filling board vacancies? All of this and more is contained in the Board Responsibilities channel on InfoSight.

Be sure you are kept up-to-date with the information in the [Board Responsibilities channel](#) today!

Compliance News

Bureau FAQs on servicing issues related to bankruptcy

The CFPB has released a number of FAQs addressing some common questions received related to mortgage servicing. These FAQs concern the servicing rules amendments to become effective April 19, 2018, relating to bankruptcy and periodic statements or coupon books, successors in interest and consumers who are already in bankruptcy on April 19. [Click here to view the FAQs.](#)

Source: CFPB

MLA Search Site Updated

The [Department of Defense's MLA site](#) has a notice that its search capabilities for servicemembers and dependents now include the ability to search single and multiple records using an ITIN, and now uses the latest version of reCAPTCHA 2.0 to help prevent automated searches that can cripple the site.

Source: Department of Defense

5 Myths About the New CDD Regulation

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Credit Union National
Association

Compliance Videos

Compliance Outlook for Q1 and Q2 2018

In this NEW video, Glory LeDu provides the [overview of what's ahead in the compliance world for 2018](#). This covers annual threshold updates, HMDA changes, Payday Alternative Loans, Military Lending Act, ACH Same-day ACH processing and more!

Just a reminder that Compliance videos since 2016 can be found on YouTube at [the Compliance Connection channel](#), where they are generally updated quarterly.

Compliance Calendar

April, 2018

- April 19th, 2018: [Amendments to the 2013 Mortgage Servicing Rules](#)

1. The New CDD rule going into effect May 11, 2018 triggers the need for a new lobby sign.

False. The new CDD rule does not include any new notice requirements. Many credit unions have been contacted by vendors notifying them that an updated U.S. Patriot's Act notice is available for purchase. The only member notice that is required by the U.S. Patriot Act regulations is the Customer (Member) Identification Program (CIP) notice that you have been complying with for several years:

Excerpt from the [FFIEC BSA Examination Manual](#):

Adequate Customer Notice

The CIP must include procedures for providing customers with adequate notice that the bank is requesting information to verify their identities. The notice must generally describe the bank's identification requirements and be provided in a manner that is reasonably designed to allow a customer to view it or otherwise receive the notice before the account is opened. Examples include posting the notice in the lobby, on a Web site, or within loan application documents. Sample language is provided in the regulation:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT — To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

2. Credit unions must now collect identifying information about account beneficiaries.

False. Not surprisingly, there has been some confusion between the term "beneficial owner" and "beneficiaries".

Beneficial owners own at least 25% equity interest in, and/or have significant responsibility to control, a legal entity that opens an account at the credit union.

Beneficiaries are designated by an account holder to receive the balance of the funds in the account after the account holder's death.

- April 29th, 2018: [5300 Call Report Due to NCUA](#)

May, 2018

- May 11th, 2018: [Customer Due Diligence – CDD \(FinCEN\) – Effective date](#)
- May 28th, 2018: Memorial Day - Federal Holiday

July, 2018

- July 1st, 2018: [Regulation CC Amendments – Availability of Funds and Collection of Checks](#)
- July 4th, 2018: Independence Day - Federal Holiday
- July 29th, 2018: [5300 Call Report Due to NCUA](#)

September, 2018

- September 3rd, 2018: Labor Day - Federal Holiday

October, 2018

- October 8th, 2018: Columbus Day - Federal Holiday
- October 28th, 2018: [5300 Call Report Due to NCUA](#)

The new rule does not require credit unions to obtain additional information about account beneficiaries.

3. The Girl Scouts of America, Inc is exempt from the new CDD beneficial ownership requirements.

False. There has been a lot of confusion surrounding FinCEN’s “scout troop” example in the final rule:

"FinCEN also notes that as a general matter, small local community organizations, such as Scout Troops and youth sports leagues, are unincorporated associations rather than legal entities and therefore not subject to the beneficial ownership requirement." (Federal Register/ Vol.81, No. 91 / Wednesday, May 11, 2016 / page 29416)

If a scout troop opening an account at your credit union meets the definition of “legal entity,” then the beneficial ownership requirements will apply:

“Legal entity customer. For the purposes of this section: (1) Legal entity customer means a corporation, limited liability company, or other entity that is created by the filing of a public document with a Secretary of State or similar office, a general partnership, and any similar entity formed under the laws of a foreign jurisdiction that opens an account.” (31 CFR 1010.230(e)(1))

Since the Girl Scouts of America, Inc is an incorporated organization, beneficial ownership information will be required.

4. The new CDD rule requires credit unions to obtain beneficial ownership information from a legal entity account every time a new account is opened.

True. The new CDD rule does require beneficial ownership information be obtained each time a new account (i.e., loan, checking, CD) is opened. During the rulemaking process, several groups expressed concern with this requirement and requested that the beneficial ownership information only be collected when the initial account is opened. This is how FinCEN responded:

“FinCEN has concluded that, while it is not requiring periodic updating of the beneficial ownership information of all legal entity customers at specified intervals, the opening of a new account is a relatively convenient and otherwise appropriate occasion to obtain current information regarding

Compliance Training

Regulatory Compliance Training

CUNA and CUNA Webinars

[CUNA has published a list of their free webinars for 2018!](#)

CUNA offers hundreds of online training events that make it easy for you to learn right at your desk. Whether you are looking for a beginner course or want a comprehensive understanding on a specific topic, CUNA webinars, audio conferences and eSchools have what you need. [Click here for updates on compliance, operations, lending topics and more!](#)

CFPB’S Amendments to the Mortgage Servicing Rules Webinar (Recorded)

Credit unions that service mortgage loans saw an increase in their servicing responsibilities in October 2017 and will see additional requirements take effect in April 2018. [Click here to register for this recorded webinar.](#)

a customer's beneficial owners. Accordingly, FinCEN has added to the final rule as § 1010.230(g) a definition for "new account".

"New account. For the purposes of this section, new account means each account opened at a covered financial institution by a legal entity customer on or after the applicability date." (31 CFR 1010.230(g))

When assessing your risk to determine how you will implement the new CDD requirements, keep in mind that it is FinCEN's goal to obtain reasonably updated beneficial ownership information for every legal entity account in every financial institution across the country. Until we receive more guidance from FinCEN, at the very least whenever a new account is opened by a legal entity within a reasonably short time from when you obtained the beneficial ownership information, to reduce compliance burden you might consider asking the member if any changes have occurred and if the response is "no", document and date that response. If your member indicates that changes have occurred to the beneficial owners of the legal entity, a new Beneficial Owner Certification must be processed.

In the meantime, CUNA will continue to work with FinCEN to issue reasonable guidelines and clarification for this new rule.

5. Credit unions will be required to verify that the individual named on the Beneficial Owners Certification form are actually "beneficial owners".

False. Although FinCEN stopped short of allowing the use of the model Beneficial Owner Certification Form to provide a safe harbor for financial institutions choosing to use the form, the agency did clarify in the rule:

"A covered financial institution may rely on the information supplied by the legal entity customer regarding the identity of its beneficial owner or owners, provided that it has no knowledge of facts that would reasonably call into question the reliability of such information." (31 CFR 1010.230(b)(2))

For more information: [Financial Crimes Enforcement Network: Customer Due Diligence Requirements for Financial Institutions; Final Rule](#)

Source: CUNA Compliance Blog

Advocacy Highlight

[NCUA to request comments on proposed bylaws changes](#)

The NCUA Board held its third open meeting of 2018 at the agency's headquarters on Thursday, and unanimously approved two items:

- An advance notice of proposed rulemaking seeking stakeholder comments on ways to streamline, clarify, and improve the standard federal credit union bylaws.
- A proposal to adopt suspension and debarment procedures to establish an administrative process protecting the federal government's interest in only doing business with presently responsible contractors.

Comments are being sought on possible changes to standard credit union bylaws; [click here to find additional information](#).

Source: NCUA

Keeping up with CUNA Advocacy

To stay abreast of the issues on which CUNA has provided input to lawmakers and regulators, [here is a list of those topics](#).

CUNA Advocacy Update

The CUNA Advocacy Update is published at the beginning of every week and keeps you on top of the most important changes in Washington for credit unions--and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. To receive this update, click on "Get CUNA Updates" on the [CUNA Advocacy page](#). Additional Advocacy efforts may also be found under [CUNA's Removing Barriers blog](#). With the recent updates to CUNA's website, Advocacy information has also changed. To view recent advocacy issues and see ways your credit union can become involved, visit the [Priorities](#) or [Actions](#) pages.

COMPLYSIGHT ENHANCEMENTS!

ComplySight has recently enhanced the Export process, allowing users additional flexibility to retain or archive data in the system. A new training video is available to walk users through the Export process and all the options. We now have a total of 17 video tutorials, plus an updated User's Guide!

To access the tutorials and User's Guide, log into ComplySight and click on the "Training and Support" link in the left navigation (formerly known as "Help"), then choose "Video Tutorials." If you have any questions, please feel free to contact info@complysight.com.

ComplySight: 30-Day Free Trial!

If you're interested in a "trial run" of ComplySight, League InfoSight is offering a free, 30-day trial so you can see the benefits first-hand. It's easy to get started. [Just visit us online and click on Free Trial Offer.](#)

