

## InfoSight Highlight

### InfoSight Highlight: [Safekeeping Rules](#)

Safekeeping requirements are governed by the criteria contained in Part 703.9 of the NCUA Rules and Regulations. Additional guidance is contained in Letter to Credit Union, Number 29, April 17, 1979.

The following summarizes these requirements. The credit union must:

- Retain its investments and repurchase collateral using one of the following methods
  - Retained in its possession;
  - Recorded as owned by the Federal credit union through the Federal Reserve Book-Entry System; or
  - Held by a board-approved safekeeper, under a written custodial agreement.
- Obtain an individual confirmation statement for each investment purchased or sold.
- Use only a safekeeper that is regulated by the SEC, a state or federal depository institution regulatory agency or a state trust company regulatory agency.

More information is found on [this channel in InfoSight](#), so make sure you're in compliance today!

## Compliance News

### [FinCEN grants permanent exceptive relief from Beneficial Ownership Rule](#)

FinCEN issued a ruling [FIN-2018-R003] on Friday granting permanent exceptive relief from Beneficial Ownership requirements for legal entity customers for certain account rollovers, renewals, modifications and extensions. The permanent relief, issued hours before a previous temporary exceptive ruling was due to expire, broadened somewhat the scope of relief provided by the temporary ruling, but maintains strict definitional limits on which accounts are affected. Financial institutions will continue to be required to identify and verify the identity of beneficial owners of legal entity customers at the initial account opening of all accounts (including those affected by the exceptive relief) occurring on or after May 11, 2018.

The exceptive relief applies to:

- A rollover of a certificate of deposit that does not allow additional deposits during its term;
- A renewal, modification, or extension of a loan (e.g., setting a later payoff date) that does not require underwriting review and approval;

## InfoSight Compliance eNEWSLETTER September 14, 2018 Vol. 12, Issue 36

Created in partnership with the



Credit Union National Association

## Compliance Videos

### [Compliance Connection Video](#)

Are you sure you're in compliance with the FinCEN requirements that were effective in May? You may want to take another look at the [FinCEN Customer Due Diligence video](#) from League InfoSight's CEO Glory LeDu to be sure!

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

### [October, 2018](#)

- October 1st, 2018: [Amendments to Federal Mortgage Disclosure Requirements \(TRID 2.0\)](#)
- October 8th, 2018: Columbus Day - Federal Holiday

- A renewal, modification, or extension of a commercial line of credit or credit card account (e.g., a later payoff date is set) that does not require underwriting review and approval; and
- A renewal of a safe deposit box rental.

[To read the entire text of the ruling, click here.](#)

Source: FinCEN

### **BCFP releases supervisory highlights**

[The Bureau has released the 17th edition of its Supervisory Highlights report series.](#) The report covers Bureau supervision activities generally completed between December 2017 and May 2018, and shares observations in the areas of auto loan servicing, credit card account management, debt collection, mortgage servicing, payday lending, and small business lending. The report shares information on general supervisory and examination findings, communicates operational changes to the Bureau's supervisory program, and provides information on recent Bureau final rules. The information is disseminated to help institutions better understand how the Bureau examines institutions for compliance.

Source: BCFP

### **CU system performance data released**

[The NCUA has released credit union system performance data](#) for the second quarter of 2018. The [Quarterly Credit Union Data Summary](#) features an updated design that includes an overview of quarterly Call Report data as well as tables showing the recent history of major credit union performance indicators. It also includes a description of collection and reporting changes that affect some of the performance indicators in the tables.

Source: NCUA

### **TRID 2.0 – No Big Deal... Right?**

In August 2017, the Consumer Financial Protection Bureau issued a final rule ("TRID 2.0") containing several clarifying amendments and technical corrections to the TILA-RESPA Integrated Disclosure Rule. The rule has a mandatory compliance date of October 1, 2018. While I agree that a majority of the amendments and technical corrections are much ado about nothing, there is one particular provision I deem worthy of more scrutiny.

- October 28th, 2018: [5300 Call Report Due to NCUA](#)

### **November, 2018**

- November 12th, 2018: Veterans Day (observed) - Federal Holiday
- November 22nd, 2018: Thanksgiving Day - Federal Holiday

### **December, 2018**

- December 25th, 2018: Christmas Day - Federal Holiday

### **April, 2019**

- April 1st, 2019: [Prepaid Accounts under the Electronic Fund Transfer Act/Regulation E and the Truth In Lending Act/Regulation Z \(Date Extended\)](#)

### **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](#)

TRID 2.0 adds a new tolerance requirement to the total of payments, disclosed as part of the loan calculations on page 5 of the Closing Disclosure. The rule provides that the total of payments shall be considered accurate if the amount disclosed is:

[updates on compliance, operations, lending topics and more!](#)

<b><i>In a non-rescindable transaction:</i></b>	<b><i>In a rescindable transaction:</i></b>
<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than \$100</li> </ul>	<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than ½ of 1% of the face amount of the note or \$100 (whichever is greater)</li> </ul>

As a result, we now have tolerance requirements for both the total of payments as well as the finance charge as they appear on the Closing Disclosure. Failure to disclose either figure within the prescribed tolerance levels makes the Closing Disclosure a non-material disclosure.

While disclosure accuracy is of course important in any transaction, its especially important in a rescindable transaction. Remember that in a rescindable transaction, the consumer may exercise the right to cancel until midnight of the third business day following the later of:

- Consummation;
- Delivery of the notice of right to cancel; or
- **Delivery of all material disclosures.**

In other words, failure to disclose either the total of payments or the finance charge within the prescribed tolerance levels could leave the right to cancel open to the borrower well beyond the closing date.

For the visual learner, the following chart is a summary of the applicable tolerance requirements for both the total of payments and finance charge as they appear on the Closing Disclosure:

	<b><i>Accuracy of Total of Payments</i></b>	<b><i>Accuracy of Finance Charge</i></b>
<b><i>In a non-rescindable transaction:</i></b>	<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than \$100</li> </ul>	<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than \$100</li> </ul>
<b><i>In a rescindable transaction:</i></b>	<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than ½ of 1% of the face amount of the note or \$100 (whichever is greater)</li> </ul>	<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than ½ of 1% of the face amount of the note or \$100 (whichever is greater)</li> </ul>

<p><b><i>In a rescindable transaction (refinance with no new money advanced):</i></b></p>	<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than 1% of the face amount of the note or \$100 (whichever is greater)</li> </ul>	<ul style="list-style-type: none"> <li>• Greater than the amount required to be disclosed; or</li> <li>• Understated by no more than 1% of the face amount of the note or \$100 (whichever is greater)</li> </ul>
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From an implementation perspective, credit unions must pay very close attention to the accuracy of both the total of payments and finance charge as disclosed on the Closing Disclosure. Inaccuracies, especially in a rescindable transaction, could cause your institution headaches for many months (or even years) to come.

*Michael Christians is principal and founder of Michael Christians Consulting, LLC. He provides counsel to financial institutions across the country relative to federal laws and regulations and offers customized compliance education and training services. For more information, contact Michael at [michael.christians@outlook.com](mailto:michael.christians@outlook.com).*

**Advocacy Highlight**

**U.S. Senators Reiterate CUNA's ADA Website Concerns to AG Sessions**

Last week, six Senators wrote to Attorney General Jeff Sessions urging the DOJ take action to address the Americans with Disabilities Act (ADA) website accessibility issue.

"We support the ADA and all it stands for," the letter reads. "But for the ADA to be effective, it must be clear so that law abiding Americans can faithfully follow the law."

The Senators cite the dramatic increase in frivolous ADA lawsuits and predatory demand letters – which rose 521 percent from 2005 to 2017. This is a trend that has impacted credit unions in nearly 30 states and the District of Columbia. [Click here to read more about the ADA concerns.](#)

Source: CUNA Removing Barriers Blog

**Pending Regulatory Comment Calls**

CUNA plans to comment on the following pending regulatory proposals. For comment letters to have the greatest impact, consider whether and how these proposals would affect your credit union and contact the CUNA staff listed below for each proposal with your feedback. Also, feel free to contact the CUNA staff listed if you would like more information on how to send your own letter.

[Codification Improvements to Financial Instruments Standard-Credit Losses](#)(Sept. 19, 2018) Luke Martone ([lmartone@cuna.coop](mailto:lmartone@cuna.coop))

[Loans to Members and Lines of Credit to Members](#) (Oct. 9, 2018)  
Elizabeth Eurgubian ([eeurgubian@cuna.coop](mailto:eeurgubian@cuna.coop))

[Enterprise Capital Requirements](#) (Nov. 16, 2018) Luke Martone  
([lmartone@cuna.coop](mailto:lmartone@cuna.coop))

*CUNA Advocacy*

### **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.

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### **ComplySight Free Trial Offer!**

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](#).