



InfoSight Highlight

EMV Implementation (Credit Card Security)

EMV stands for Europay, MasterCard and Visa, the developers of global standards for integrated circuit cards (IC cards or “chip cards”). Credit cards that use EMV technology have an embedded microprocessor chip instead of a magnetic stripe. While magnetic stripes store credit card numbers and expiration dates, which can be used to make counterfeit cards, EMV-enabled cards encrypt transaction data differently each time the card is used.

Major credit card companies are pushing merchants and financial institutions to switch to “EMV-enabled cards” by making them liable for any fraudulent charges if they haven't converted. Visa announced last year it will institute a U.S. liability shift for domestic and cross-border counterfeit card-present point-of-sale (POS) transactions, effective Oct. 1, 2015.

Timeline for Liability Shift

- **October 1, 2015:** Liability shifts to merchants for POS card fraud (excluding fuel selling automated terminals).
- **October 1, 2016:** Liability shifts to ATM owners for fraud committed through any MasterCard debit card.
- **October 1, 2017:** Liability shifts to merchants for fraud committed through automated fuel-selling terminals.
- **October 1, 2017:** Liability shifts to ATM owners for fraudulent transactions completed on any Visa debit card.

For additional information, click [here](#) for the topic.

Compliance News

Updated Materials for TILA-RESPA Integrated Disclosure Rule
The Consumer Financial Protection Bureau (CFPB) has announced the availability of updated versions of its TILA-RESPA Integrated Disclosure Rule implementation materials. Each of the following documents has been updated to incorporate changes to the rule that have been finalized to date:



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Credit Union National Association

Compliance Video

Compliance Connection Video

In this video, League InfoSight CEO Glory LeDu talks about the highlights from the 4th Quarter of 2018 and the 1st Quarter of 2019.

When S.2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, passed in 2018 there was a lot to understand! Glory LeDu, League InfoSight CEO, provides [Part 1 in this short video](#) to break it down for you.

Just a reminder that Compliance videos since 2016 can be found on YouTube at [the Compliance Connection](#)

- [Compliance guide](#)
- [Guide to forms](#)
- [Disclosure timeline](#)
- [Integrated disclosure forms and samples](#)

The Bureau has also updated its [Small Entity Compliance Guide for the Loan Originator Rule](#).

NCUA Issues Phishing Scam Warning

A [Press Release](#) has been issued by NCUA regarding the receipt of reports of an online phishing scam that uses a website with a logo and a design similar to the agency's own site in an attempt to convince unwary customers to provide information or send money. The emails received by consumers appearing to be from the NCUA website but apparently originated in Australia and claims to offer services in the United States, Europe and the Commonwealth of Independent States. This website is not affiliated in any way with the National Credit Union Administration, a federal agency, and the emails are not from NCUA. Consumers receiving such emails should call [NCUA's Fraud Hotline](#) and contact the [Internet Crime Complaint Center](#).

FFIEC Lists 2015 Cybersecurity Priorities

An [overview](#) of its cybersecurity priorities for the remainder of 2015 has been released by the FFIEC. Seven workstreams from last year's assessment are the priority topics. These include:

- Cybersecurity Self-Assessment Tool
- Incident Analysis
- Crisis Management
- Training
- Policy Development
- Technology Service Provider Strategy
- Collaboration with Law Enforcement and Intelligence Agencies

[channel](#), where they are generally updated quarterly.

Compliance Calendar

March 30

NACHA Operating Rules Changes

April 24

5300 Call Report Due to NCUA

April 30

Credit Card Quarterly Agreement Submission Due to CFPB (10,000 or more open credit card accounts)

May 25

Memorial Day - Federal Holiday

[Click here for upcoming compliance dates.](#)

Compliance Training

March 25, 2015

[Bankruptcy Best Practices for Credit Unions - Webinar](#)
12:00 – 1:00 p.m. EST

March 25, 2015

[Successful Strategies for Field-of-Membership Expansion - NCUA Webinar](#)
2:00 p.m. EST

Speaking of cybersecurity, in the March 2015 issue of *The NCUA Report*, items that may be of interest include:

- A Quick Guide for New Supervisory Committee Members
- **Cyber Vulnerabilities and the Real Exposures**
- Funnel Accounts: A Funny Name, but a Serious Concern

CFPB Finalizes Policy for Consumer Complaints

The CFPB has announced, and posted a Bureau Blog article about, a final Consumer Complaint Narrative Policy and the creation of the Consumer Complaint Database. The Policy empowers consumers to voice publicly their complaints about consumer financial products and services. When consumers submit a complaint to the CFPB, they now have the option to share their account of what happened. A Final Policy Statement has been issued to provide guidance on how the CFPB plans to exercise its discretion to disclose consumer complaints via the Consumer Complaint Database. The CFPB states it will not publish any such narratives for at least 90 days after publication of the policy in the *Federal Register*. The CFPB is also publishing a Request for Information seeking public input on ways to highlight positive consumer experiences, such as by receiving consumer compliments.

CFPB Releases Winter 2015 Supervisory Highlights

The CFPB has released its semi-annual report of its examination and supervisory activities. This document provides a small snapshot at some of the trends happening in the consumer finance marketplace and highlights the Bureau's focuses and concerns. This edition of the Supervisory Highlights touched on consumer reporting, debt collection, overdraft, mortgage origination and fair lending. Although the CFPB only supervises the handful of credit unions over \$10 billion in assets, it now also supervises many nonbank firms like mortgage companies, student loan servicers, and debt collection agencies. According to the report, recent (private) supervisory resolutions have

March 31 – April 9, 2015
Protecting Members Under Regulation E - Webinar Series
2:00 – 3:00 p.m. EST

April 1, 2015
New Accounts for the Frontline: Compliance Issues to Watch For - Webinar
2:00 - 3:00 p.m. EST

April 7, 2015
Regulation E for ACH Error Resolution - Which 60 Day Rule Will You Follow - Webinar
2:00 - 3:00 p.m. EST

April 9, 2015
Sharpening Your Skip Tracing Skills - Webinar
12:00 – 1:30 p.m. EST

April 12-17, 2015
CUNA Regulatory Compliance School
Las Vegas, NV

April 14, 2015
Collections & Bankruptcy Update
Atlanta, Georgia

April 23, 2015
The Redaction Trap - NPI Disclosure Penalties to Avoid - Webinar
12:00 - 1:00 p.m. EST

April 28, 2015
IRA Contributions - Webinar
12:00 – 1:30 p.m. EST

May 5, 2015
Understanding and Processing Transfers and Rollovers -

resulted in remediation of approximately \$19.4 million to more than 92,000 consumers.

Mortgage origination

- **Supervision Delay-** In January 2013, the CFPB issued rules pursuant to Title XIV of the Dodd-Frank Act related to mortgage origination activities. Most of these Title XIV rules took effect in January 2014, but the CFPB did not begin supervisory examinations for compliance until four months after the effective date.
- **Loan Originator Compensation-** In one or more examinations, examiners found that branch managers were both loan originators and owners of related marketing services entities. Supervision found instances of improperly allocated expenses on branch income statements which resulted in marketing services entities receiving income based on the profitability of retail loans originated by branch managers. Whether intentional or not, these branch managers, as owners of the marketing services entities, received compensation based on the terms of transactions originated by the branch managers themselves. The CFPB directed that compensation to loan originators based on a term of a transaction, including branch managers, cease.
- **Opening/closing errors-** At one or more institutions, examiners identified practices that caused the amounts disclosed on the HUD-1 to exceed those disclosed on the GFE. Due to inadequate training and compliance policies and procedures, a lender credit in one or more examinations was reduced on the HUD-1 to prevent the borrower, on a no-cost refinance, from receiving excess cash-back at closing. This reduction, however, in the absence of changed circumstances, impermissibly increased the final adjusted origination charge, a violation of Regulation X. The difference in the amounts disclosed was refunded to consumers.
- **Reg Z and Social Media-** Regulation Z requires advertisements to include disclosures when certain triggering terms are advertised. Examiners found in one or more institutions that social media advertising was not subject to monitoring or compliance audit. Loan originators created their own advertisements and content. Loan originators advertised the length of payment, amount of payments, numbers of payments, and finance charges, without providing the required disclosures, a violation of Regulation Z.
- **Adverse Action Notices-** CFPB examiners found one or more supervised entities failed to provide the requisite information

Webinar
12:00 – 1:30 p.m. EST

May 6, 2015
Trust Accounts - Webinar
12:00 – 1:00 p.m. EST

May 12, 2015
IRA Distributions - Webinar
12:00 – 1:30 p.m. EST

May 13, 2015
Cyber Crime - No Gun Needed, Detecting and Preventing a Corporate Account Takeover - Webinar
2:00 – 3:00 p.m. EST

May 13, 2015
Estate Accounts, POAs, Rep Payee and Guardian Accounts - Webinar
12:00 - 1:00 p.m. EST

May 19, 2015
Required Minimum Distributions (RMDs) - Webinar
12:00 – 1:30 p.m. EST

May 20, 2015
Deceased Member Accounts - Webinar
12:00 – 1:00 p.m. EST

May 26, 2015
IRA Reporting - Webinar
12:00 – 1:30 p.m. EST

May 28, 2015
Indirect Lending - The CFPBs View on Auto Dealership Relationships - Webinar
12:00 – 1:00 p.m. EST

in denial notices as set forth in Regulation B and failed to notify an applicant of action taken within 30 days after receiving the completed application. They directed the supervised entities to conduct a review of all mortgage loan applications denied within the relevant time period and take appropriate corrective action, including providing corrected notices to applicants.

- **Overall issues with compliance-** The bureau believes that compliance programs should include policies and procedures, training, and monitoring and corrective action processes. Any audit program should assist the board of directors or board committees in determining whether policies and standards adopted by the board are being implemented, and should also identify any significant gaps in board policies and standards.
- **Be careful with third party compliance audits-** At one or more institutions, the Bureau found that compliance audits performed by third parties were limited in scope and failed to identify numerous regulatory violations found by examiners, and audit results were not reported to directors.

BSA Training Opportunities
through GCUA
[Click here for details](#)

Debt Collection

In one or more examinations of debt collectors performing collection services of defaulted student loans for the Department of Education, examiners identified collections calls, scripts and letters containing various misrepresentations to consumers. Examiners found that collection agents overstated the benefits of federal student loan rehabilitation. Examiners also found that some collectors threatened to take legal action against certain consumers, without knowing whether legal action would actually be taken.

Protected Income Sources under ECOA

Since the start of the Bureau's supervision program, examiners have conducted ECOA targeted mortgage origination reviews at institutions, both bank and nonbank, that receive about 40% of the applications and make about 40% of the originations reported under HMDA.

During recent examinations, the Bureau's examination staff found one or more violations of the ECOA and Regulation B related to the treatment of protected forms of income. Some applicants were automatically declined if they relied on income from a non-employment source, such as social security income or retirement benefits, in order to repay the loan. Some marketing materials contained written statements regarding the prohibition and may have

discouraged applicants who received public assistance or other protected sources of income from applying for credit.

While there are some narrow exceptions to ECOA/Reg B, a blanket practice of denying any applicant who relies on public assistance income, or a specific form of public assistance income, without an assessment of an applicant's particular situation, violates ECOA /Reg B. The report specifically mentioned Social Security Disability income as a protected source, since continued eligibility for the program is contingent upon medical need and constant re-evaluation. Though lenders can consider the source of an applicant's income for determining pertinent elements of creditworthiness, the Bureau notes that lenders may face fair lending risk if they require documentation beyond that required by lawful applicable agency or secondary market standards and guidelines in order to demonstrate that Social Security disability income is likely to continue.

You can read the entire report from the CFPB [here](#).

NCUA Videos on CDFI Fund Certification

A new five-part video series, "[CDFI Fund Certification](#)," is now available online on NCUA's YouTube channel. The series shows how Community Development Financial Institution certification opens financial doors to credit unions to help them in serving the underserved.

Local Training - Collections & Bankruptcy Update

Please join us **April 14th in Atlanta** for this year's Collections & Bankruptcy Update, which will focus heavily on the common forms you encounter, how to fill them out and how to file them. Attendees will receive multiple timelines, a sample Chapter 13 and Chapter 7 case covering everything from the inception and dismissal, to the discharge of each case. Using our sample cases, students will learn when to object to a Chapter 13 plan, when and how a Reaffirmation Agreement needs to be drafted, and when it's necessary to file a Motion for Relief from Stay.

Also, including collections of commercial loans, students can expect to review sample repossession procedures, letters, and tips and tricks for handling a case in small claims court. We will discuss the new guidance on skip tracing using social media, using examples to determine proper conduct. Lastly, attendees will learn about the new mortgage servicing rules and how they affect the collections department.

Click [here](#) for more information and to register.

Comment Calls

Fixed Assets

The NCUA Board has issued a new fixed assets [proposal](#) for a 30-day comment period at their March open meeting. This proposed rule includes improvements that were not part of the 2014 fixed assets proposal, which was not adopted. The new proposed rule would:

- Eliminate the 5% aggregate limit on investments in fixed assets that is currently in place for federal credit unions (FCU) with \$1,000,000 or more in assets. Instead of applying the current aggregate limit, the Board proposes to oversee ownership of fixed assets through the supervisory process and guidance.
- Remove the waiver provisions regarding the aggregate limit.
- Establish a single six-year time period for partial occupancy of such premises and discontinue the 30-month requirement for partial occupancy waiver requests.

Please send any comments or concerns you have regarding this new proposal to Selina Gambrell at selinag@gcua.org by **April 10th**.

RBC2 Reminder: GCUA is seeking credit union comments on how the new proposal will affect their operations, and what further improvements are necessary. Please have comments to Selina Gambrell by **March 30th** at selinag@gcua.org.

To stay up-to-date on the latest information on NCUA's Risk Based Capital 2 proposal, please see CUNA's [RBC2 Blog](#).

The [CUNA Regulatory Advocacy Report](#) contains information from the office of the President of CUNA about regulatory issues that affect credit unions. You can view the current report and past reports from the archive.

Click [here](#) to request to be added to the mailing list for this and/or other GCUA email publications.

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