



## InfoSight Highlight

### SARs & BOD Reporting

In the InfoSight Bank Secrecy Act channel, the “Additional Resources” section on Suspicious Activity Reports (SAR) includes a Checklist, which asks:

*Does the credit union report to its Board of Directors at least monthly when a SAR has been filed?*

**Question: What information is to be communicated to the board about SARs and in what format?**

**Answer:** Information contained in a SAR should be provided to the Board of Directors (or appropriate committee) in a manner – and with sufficient information – so that the Board may fulfill its fiduciary duties, while keeping in mind the confidential nature of the SAR.

**Question: What are some creative ways to do this?**

**Answer:**

1. Create a table showing the date, dollar amount and category (e.g., structuring, fraudulent wire, etc.);
2. Provide a list of the dollar amount, number, category and last name
3. A memo indicating the number of SARs and the categories;
4. Have the Board Chair review the SAR and report to the Board as a whole.

Click here to view the [Suspicious Activity Report](#) topic in the BSA Channel for more information.

## Compliance News

### Exam Procedures Updated for TRID Rules

The Consumer Financial Protection Bureau (CFPB) has announced updates to the [exam procedures](#) for the new mortgage disclosure rules

GEORGIA CREDIT UNION

*Affiliates*

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## 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](#)

to become effective **August 1, 2015**. The updates dated April 1, 2015, address

- RESPA procedures—TILA RESPA Integrated Disclosures (applicable for examinations after the August 2015 effective date), and Mortgage Servicing Requirements
- TILA procedures—TILA RESPA Integrated Disclosures (applicable for examinations after the August 2015 effective date), Higher-Priced Mortgage Loan Appraisals, Escrow Accounts, and Mortgage Servicing Requirements

**CUNA's TILA-RESPA Integrated Disclosure Analysis:** Speaking of TILA-RESPA, CUNA has issued several comprehensive compliance analysis documents for the new integrated Loan Estimate, Closing Disclosure and Escrow Closing Notice that will be going into effect August 1, 2015. CUNA's compliance attorneys have incorporated information from the regulatory text, Official Commentary and Supplemental Information of the almost 2000 page rule to provide credit unions with helpful compliance information.

Also, several short 10 - 15 minute webinars walking through the specific issues covered by this new regulation will be available soon.

- [The Loan Estimate & The Home Buying Information Booklet](#)
- [The Closing Disclosure](#)
- [The Escrow Closing Notice](#)

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CFPB Announces New Mortgage Toolkit to Replace HUD Booklet  
A new mortgage-shopping toolkit that includes forms that will be required starting August 1, 2015, has been released by the CFPB.

Creditors must provide the toolkit to mortgage applicants as a part of the application process, and the CFPB encourages other industry participants, including real estate professionals, to provide it to potential homebuyers (the toolkit replaces the current HUD-designed *Shopping for Your Home Loan, Settlement Cost Booklet*, which should continue to be used in connection with any mortgage loan applications received before August 1). The CFPB has released the toolkit in advance of the August effective date to give the industry time to order and receive or print the toolkit and integrate electronic

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

## Compliance Calendar

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

July 3  
Independence Day - Federal Holiday

July 18  
Higher-Priced Mortgage Loans: Modified exemptions for loans secured by manufactured homes

July 23  
Changes to Posting Rules for ACH Transactions (Federal Reserve) Effective date

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

## Compliance Training

versions into their mortgage integration systems. The toolkit is available in an interactive PDF format and will be available in printed form.

The CFPB has updated the “Special information Booklet,” which has been required since 1974 by RESPA to be provided to consumers shopping for a home loan. The updated publication is titled: “Your Home Loan Toolkit: A Step-by-Step Guide” (Booklet), and is available for download on the Bureau’s website: <http://www.consumerfinance.gov/learnmore/#respa>.

The CFPB is required to prepare at least once every five years, “a booklet to help consumers applying for federally related mortgage loans to understand the nature and costs of real estate settlement services.” The updated Booklet includes new content, such as:

- Information on homeownership counseling services,
- An explanation of a consumer’s responsibilities, liabilities and obligations in a mortgage transaction,
- Information on flood insurance,
- Information on the new Loan Estimate and Closing Disclosure,
- A list of questions a consumer obtaining a federally related mortgage loan should ask regarding the loan, for example:
  - Will the member have the ability to repay the loan?
  - Has the member sufficiently shopped for the loan?
  - Does the loan include prepayment penalties?
  - Does the loan include balloon payments?
  - Will the loan benefit me, the borrower?
- Additional Bureau contact information, online tools and information on how to submit complaints, and
- A link to a HUD Web page on loan fraud.

**Exceptions:** The credit union or mortgage broker is not required to provide the Booklet for credit transactions secured by real property, for which the purpose of the loan is **not** to purchase a one-to-four family residential property.

Examples include:

- Refinancing transactions;
- Reverse mortgages; and
- Closed-end loans secured by a subordinate lien. **However**, the Booklet would be required to be provided when the credit union is extending a closed-end first-lien consumer credit transaction secured by real property for the purpose of purchasing a one-to-four family residential property, even if

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 - 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**

the credit union also is extending a closed-end subordinate-lien loan contemporaneously. The credit union would not be required to provide a second Booklet for the subordinate-lien loan.

**HELOC:** In the case of a home equity line of credit, a credit union or mortgage broker that provides the member with a copy of the brochure entitled “When Your Home is On the Line: What You Should Know About Home Equity Lines of Credit,” or any successor brochure issued by the CFPB, is deemed to be in compliance with this requirement.

**Delivery:** The credit union must deliver or place in the mail the Booklet no later than **three business days** after the member’s application is received. If the credit union denies the member’s application before the end of the three-business-day period, or if the member withdraws the application, the credit union does not need to provide the Booklet. However, the CFPB encourages credit unions to provide the Booklet to members at any other time, preferably as early in the home or mortgage shopping process as possible.

**Mortgage Broker:** If a member uses a mortgage broker, the mortgage broker must provide the Booklet and the credit union does not need to provide it.

**Joint Applicants:** When two or more persons apply together for a loan, the credit union is in compliance with the rule if the credit union provides a copy of the Booklet to one of the persons applying.

**Future Developments:** The CFPB is currently developing a Spanish-language version of the Booklet.

The Bureau expects future revised or alternative versions of the Booklet, which may possibly expand the scope beyond first-lien, purchase-money consumer credit transactions secured by real property, as well as address topics other than settlement costs.

Additionally, the CFPB may determine that alternative versions of the booklet for particular product types may aid consumer understanding by providing information most relevant to their situation.

The Bureau may also choose to permit the forms or booklets of other Federal Agencies to be used by creditors.

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**

June 1, 2015  
[The Basics of Consumer Lending Part 1](#) - Webinar

**2:00 – 3:30 p.m. EST**

June 4, 2015  
[Home Equity Lending](#) - Webinar

**2:00 – 3:30 p.m. EST**

June 8, 2015  
[The Basics of Consumer](#)

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FFIEC on Compromised Credentials and Destructive Malware  
The Federal Financial Institutions Examination Council (FFIEC) has released statements on [destructive malware](#) and [compromised credentials](#) that provide ways that financial institutions can identify and mitigate cyber attacks that compromise user credentials or use destructive software, known as malware. In addition, the FFIEC provided information on what institutions can do to prepare for and respond to these threats. In accordance with the FFIEC guidance, institutions should:

- Securely configure systems and services;
- Review, update, and test incident response and business continuity plans;
- Conduct ongoing information security risk assessments;
- Perform security monitoring, prevention, and risk mitigation;
- Protect against unauthorized access;
- Implement and test controls around critical systems regularly;
- Enhance information security awareness and training programs; and
- Participate in industry information-sharing forums, such as the Financial Services Information Sharing and Analysis Center.

The FFIEC also provided a list of practical information resources. Other resources: the OCC has issued Bulletins [2015-19](#) and [2015-20](#), and the FDIC has posted [FIL-13-2015](#) on the FFIEC statements.

Credit Unions should design multiple layers of security controls to establish several lines of defense and ensure that their risk management processes also address the risk posed by compromised credentials, consistent with the risk management guidance contained in the [FFIEC IT Examination Handbook](#), specifically the “Information Security,” “Outsourcing Technology Services,” and the “Retail Payment Systems” [booklets](#).

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[Lending Part 2](#) - Webinar  
**2:00 – 3:30 p.m. EST**

June 11, 2015  
[Consumer Lending Compliance 101](#) - Webinar  
**2:00 – 3:30 p.m. EST**

June 17, 2015  
[Advanced Exceptions with International ACH Transactions \(IAT\) OFAC Compliance](#) - Webinar  
**2:00 – 3:00 p.m. EST**

June 18, 2015  
[Financial Counseling - What to Look for and What to Know as a Lender](#) - Webinar  
**2:00 – 3:30 p.m. EST**

June 25, 2015  
[Use of Loan Guaranties Instead of Co-Signers](#) - Webinar  
**12:00 – 1:00 p.m. EST**

June 30, 2015  
[IRA Beneficiary Distributions](#) - Webinar  
**12:00 – 1:30 p.m. EST**

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

## Flood Insurance and Detached Structures

**Question: Is flood insurance no longer required for a detached garage?**

**Answer:** According to [CUNA's Compliance Blog](#), NFIP insurance is no longer required for certain detached structures.

The Homeowner Flood Insurance Affordability Act (HFIAA) of 2014 included an exemption from the Flood Disaster Protection Act's (FDPA) mandatory flood insurance purchase requirements for certain detached structures. HFIAA amended the Biggert-Waters Act of 2012.

Section 13 of HFIAA provides that flood insurance is not required for any structure that is a part of a residential property but is detached from the primary residential structure and does not serve as a residence. The interagency flood insurance regulations will incorporate this exemption once they're finalized, however, the provision was effective upon enactment. As explained in the agencies' [October 30, 2014 proposal](#):

“The exemption would address an area of concern for borrowers and lenders by excluding relatively low-value structures, for example, detached sheds and garages, from mandatory flood insurance coverage if they secure a designated loan. The Agencies understand, however, that some detached structures might be of relatively high value, such as a detached greenhouse. While the statute does not require flood insurance for such structures, as a matter of safety and soundness, lenders may nevertheless require flood insurance on these detached structures. Requiring flood insurance even when the statute does not mandate it may also be in the borrower's interest. The Agencies note that section 13(b) of HFIAA, which the CFPB is expected to implement, amends section 5(b) of RESPA to require a related disclosure to borrowers informing them that they may still wish to obtain, and mortgage lenders may still require borrowers to maintain, flood insurance even when it is not required by the FDPA.” (*Federal Register*, page 64522)

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## IRS to Offer April 8 Webinar on UBIT

The IRS has announced an **April 8** webinar on unrelated business income tax (UBIT) and tax-exempt organizations.



The webinar, offered by the IRS's Tax Exemption & Government Entities Division, will provide information on:

- UBIT;
- Three parts test;
- Common types of activities;
- Exceptions and exclusions;
- Principal form used to report; and,
- IRS resources.

Presenters for the **2:00 p.m. EST** session will be Steve Farson, tax law specialist, IRS Office of Exempt Organizations, and Al Page, tax law specialist, IRS Office of Exempt Organizations.

Those interested in participating can sign up [here](#).

Also related to UBIT, the IRS issued a "new" [memo](#) to replace its 2014 memo on the same subject, but the new memo makes no changes in its listing of what products and services offered by state-chartered credit unions trigger UBIT.

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Your CU Should Know...

**Executive Order OKs Sanctions Against Cybercriminals:** The President has signed an [Executive Order](#) blocking the property of certain persons engaging in significant malicious cyber-enabled activities. Sanctions may be imposed on individuals and entities determined to be responsible for or complicit in malicious cyber-enabled activities that result in enumerated harms that are reasonably likely to result in, or have materially contributed to, a significant threat to the national security, foreign policy, or economic health or financial stability of the United States. A [statement](#) regarding the Executive Order was issued by Treasury Secretary Lew, and an [FAQ](#) was posted by OFAC. No designations have yet been made pursuant to the EO.

**Reminder of SCRA Provision Extension:** While credit unions don't fall under the OCC, they may want to check out this guidance that the OCC has released on the SCRA extensions...

OCC [Bulletin 2015-21](#) has been issued to inform national banks, federal savings associations, and federal branches and agencies of foreign banks (OCC-supervised institutions) of the temporary extension of certain protections under the Servicemembers Civil Relief Act (SCRA), enacted by the Foreclosure Relief and Extension for Servicemembers Act of 2014. The action provides:

- The SCRA amendments continue temporary provisions that extend protections [at [50 App. U.S.C. 533](#)] to servicemembers, under certain conditions, related to the sale, foreclosure, or seizure of mortgaged property, or the filing of a legal action to enforce a mortgage obligation or other similarly secured obligation, within one year following the servicemember's period of military service.
- The temporary extension expires on **December 31, 2015**.

**New Economic Update Video:** The NCUA has released a new economic update video which covers the current outlook and key credit union results from year-end 2014. The video, available on the NCUA's [YouTube channel](#), also discusses the effect of low oil prices on different states and regions, including the potential negative employment effects in oil producing regions.

**Retirement Plan Guidance from Treasury and IRS:** The Treasury Department and the IRS have issued [Guidance](#) designed to facilitate automatic enrollment and contribution increases in 401(k) and similar retirement savings plans. This guidance adds to the current IRS self-correction program, which allows plan sponsors to easily correct administrative errors without risking a plan's tax qualification and without having to obtain IRS approval. The correction safe harbor for plans with automatic contribution features requires the plan sponsor to make all employer matching contributions that should have been made with respect to the missed employee contributions, and to contribute an additional amount to make up for the earnings that should have accrued under the plan on those matching contributions.

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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](mailto:selinag@gcua.org) by **April 10th**.

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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