



## InfoSight Highlight

### How Does Flood Insurance Affect Credit Unions?

Flood insurance is a special insurance required for loans secured by dwellings located in a flood plain. The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994, has made the purchase of flood insurance mandatory for a federally backed mortgages on structures located in special flood hazard areas. Making, increasing, extending, or renewing a loan secured by a dwelling located in a special flood hazard area (SFHA) may trigger compliance.

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

## Compliance News

### NCUA Issues Associational Common-Bond Final Rule

Federal credit unions will be able to more easily expand their fields of membership under a final rule (Part 701) amending NCUA's associational common-bond requirements.

The final rule more clearly defines which associational groups do and do not qualify for membership in federal credit unions. The final rule will provide regulatory relief by authorizing automatic approval for the vast majority of associations that qualify.

The final rule grants automatic qualification under NCUA's rules to certain categories of associations the agency has routinely approved for federal credit union membership. At the suggestion of commenters, the Board added five categories to the seven originally proposed. In all, 12 new types of associational groups will receive pre-approval, including:

- Alumni associations,
- Religious organizations, including churches or groups of related churches,
- Electric cooperatives,
- Homeowner associations,
- Labor unions,
- Scouting groups,

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](#)

- Parent-teacher associations organized at the local level to serve a single school district,
- Chamber of commerce groups (members only and not employees of members),
- Athletic booster clubs whose members have voting rights,
- Fraternal organizations or civic groups with a mission of community service whose members have voting rights,
- Organizations having a mission based on preserving or furthering the culture of a particular national or ethnic origin, and
- Organizations promoting social interaction or educational initiatives among persons sharing a common occupational profession.

The final rule also establishes a threshold common-bond test that an association not be formed primarily for the purpose of expanding credit union membership. More than 99 percent of associational applications reviewed over the past three years have met this new requirement.

Additionally, the rule expands the criteria for the agency’s totality-of-circumstances test, used to determine whether an association that is not automatically approved satisfies the common-bond requirements to qualify for manual inclusion in a federal credit union’s field of membership.

The final rule, available online [here](#), will become effective 60 days after publication in the *Federal Register*. NCUA will issue further guidance on implementing the rule before the final rule becomes effective.

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#### Final Rule on Requirements for AMCs

A [joint press release](#) has been issued by the six federal financial regulatory agencies (OCC, FRB, FDIC, CFPB, FHFA, NCUA) announcing the issuance of a [final rule](#) that implements minimum requirements for state registration and supervision of appraisal management companies (AMCs).

An AMC is an entity that provides appraisal management services to lenders or underwriters or other principals in the mortgage market. Under the rule, states may elect to register and supervise AMCs. The

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

### Compliance Calendar

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

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**

AMC minimum requirements in the final rule apply to states that elect to register and supervise AMCs, as AMCs are defined in the rule.

The final rule does not compel a state to establish an AMC registration and supervision program, and no penalty is imposed on a state that does not establish a regulatory structure for AMCs. The final rule will become effective 60 days after publication in the *Federal Register*. The compliance date for federally regulated AMCs (those that are subsidiaries of insured depository institutions) is no later than 12 months from the effective date of the rule.

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#### CFPB Takes First Action Under Overdraft Opt-in Rule

Although the Consumer Financial Protection Bureau (CFPB) is not expected to take up consumer protection policy issues associated with overdraft programs until later this year, the Bureau has taken action against a large Alabama-based bank for violating federal rules prohibiting charging overdraft fees to consumers who have not opted in to overdraft protection programs.

Federal rules enacted in 2010 state a consumer must opt in to certain overdraft programs to be covered by their protections for one-time debit and ATM transactions and charged a fee for their services.

CFPB alleges Regions Bank of Birmingham, Ala., did not always limit overdraft fees to bank customers that had specifically opted in to its programs. Regions Bank also is accused of charging overdraft and non-sufficient funds fees on certain products despite its claims that it would not.

The CFPB has announced that the bank has been fined \$7.5 million for illegal actions. The bureau noted that Regions already had refunded "hundreds of thousands of consumers" roughly \$49 million in fees, and that a consent order in the case requires the bank to fully refund all remaining consumers.

Regions Bank offers both overdraft protection services and products that consist of a loan to a consumer known as a deposit advance loan. The latter product allows the bank to claim repayment as soon as the next qualifying electronic deposit is received.

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**

June 1, 2015

The Basics of Consumer Lending Part 1 - Webinar  
**2:00 – 3:30 p.m. EST**

June 4, 2015

Home Equity Lending -

The CFPB found Regions Bank:

- Failed to obtain required opt-ins for certain consumers with linked savings and checking accounts. Regions never provided those consumers an opportunity to opt in for overdraft protections. Rather than declining ATM or one-time debit card transactions exceeding available account balances in the linked accounts, the bank charged customers a fee of up to \$36;
- Delayed fixing the violation until almost a year after discovering it in an internal review. The federal rules took effect in July and August 2010, but 13 months later a review found the violations. Not until April 2012 was the violation brought to the attention of senior executives, who reported the error to the CFPB. Additional unauthorized fees were also found to have been charged in early 2015; and
- Charged non-sufficient funds fees and overdraft charges to more than 36,000 consumers, totaling approximately \$1.9 million between November 2011 and August 2013, despite claiming it would not charge any such fees.

A CFPB consent order requires the bank to provide refunds to all remaining affected consumers, correct errors on credit reports and pay the associated fine.

The Bureau also released a consumer advisory on overdraft issues.

Regions Bank, according to the CFPB, operates roughly 1,700 retail branches and 2,000 ATMs across 16 states. With \$119 billion in assets, it is one of the country's largest banks.

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#### CFPB Releases Servicemembers' Complaints

The Bureau has announced the agency's release of its third set of complaints from servicemembers, veterans and their families. The report indicates:

- Debt collection complaints have continued to rise since the last report, and now make up 39 percent of total complaints. It is

Webinar  
**2:00 – 3:30 p.m. EST**

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

the largest category of complaints lodged with the Bureau by the military community.

- Credit reporting remains a top category of concern; 72 percent of these complaints are about incorrect information on credit reports. This remains a significant issue for the military community, one that the Bureau highlighted earlier this year.
- Student loans are another concern: 49 percent of these complaints are about problems dealing with a lender or servicer. In these complaints, the CFPB continues to see long-standing trends, such as servicemembers complaining about not being provided their Servicemembers Civil Relief Act rights.
- Servicemembers' spouses have reported problems accessing the servicemembers' accounts or account information even after the servicemember has made arrangements for such access with the financial institution. Similar problems have been experienced with institutions' reluctance to accept powers of attorney from servicemembers stationed overseas.

The CFPB report also included suggested practices for financial institutions and other companies to address the complaints servicemembers have filed:

- Attempt to obtain an updated mailing address from military customers before changing terms of military-specific accounts
  - Provide clear instructions on how to provide account access to someone designated by the servicemember and the actions that person can and cannot take as to the account
  - Proactively notify military consumers about company policies on accepting powers of attorney, including providing on the company's website any specific format or language it requires for a POA
  - Ensure feasible communication methods for all consumers (the CFPB noted that limiting communication to telephone or fax for military consumers greatly impacts their ability to conduct bank business, particularly if communication is limited to business hours).
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Required Policies and Training

**Question: Our credit union is looking for a resource that provides a listing of policies or training that is required by regulation. Where can we find something to help us with this task?**

**Answer:** Check out these newly available charts brought to you by CUNA's Compliance Team:

- [Policies and Procedures Required by Federal Regulations](#)
- [Federal Required Training for Credit Unions](#)

(A BIG thank you to CUNA's Compliance Team for putting these together for credit unions!)

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EMV-Compliant by Oct.1?

**Question: Are credit unions required to be EMV-compliant by October 1, 2015? What will happen if we're not ready to issue smart payment cards by that date?**

**Answer:** According to [CUNA's Compliance Blog](#), EMV is the global standard developed by Europay, MasterCard, and Visa for the processing of integrated circuit (IC) chip-based payment cards (so-called smart cards). EMV chip cards contain embedded microprocessors that provide stronger transaction security features than traditional magnetic stripe cards. Many European countries moved to EMV technology years ago to combat high fraud rates.

Migrating to EMV is not necessarily a "requirement," but the major cards companies (Visa, MasterCard, Discover and American Express) have provided some pretty strong incentives to encourage card issuers and merchants to get on board as soon as possible – including a fraud liability shift.

October 1, 2015 marks the date when the major card companies will shift counterfeit liability to the least EMV-compliant party in a point-of-sale (POS) transaction (except transactions at automated fuel

dispensers, which must be compliant by October 1, 2017). This means that the party (card issuer or merchant) that is the cause of a chip transaction not occurring will be held financially liable for any resulting card-present counterfeit fraud losses. If neither or both parties are EMV compliant, the fraud liability will remain unchanged.

See the resources below for more information on EMV:

- [Visa Bulletin: Visa Announces U.S. Participation in Global Point-of-Sale Counterfeit Liability Shift \(8/9/11\)](#)
- [Visa Bulletin: Visa Announces Plans to Accelerate Chip Migration and Adoption of Mobile Payments \(8/9/11\)](#)
- [MasterCard Introduces U.S. Roadmap to Enable Next Generation of Electronic Payments \(1/30/12\)](#)
- Additional MasterCard resources are available [here](#)
- [CU Magazine article: Getting Ready for EMV \(February 2015\)](#)

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Your CU Should Know...

**NCUA to Host Cybersecurity Webinar:** The NCUA has announced it will host a free webinar, "[Cybersecurity Basics](#)" on **May 20, 2015**. The 90-minute session will begin at 2:00 p.m. EST, and will include a 30 minute Q&A session.

**CFPB to Host Another TILA/RESPA Webinar:** The CFPB is hosting the fifth in a series of discussions on the TILA-RESPA Integrated Disclosures rule. This fifth and final in the planned series of webinars will address specific questions related to rule interpretation and implementation challenges that have been raised to the CFPB by creditors, mortgage brokers, settlement agents, software developers, and other stakeholders. In particular, the session will cover industry questions relating to operations and technology challenges particularly new questions that have arisen as industry is further into implementation. The teleconference is scheduled for **Tuesday, May 26, 2015**, from 2:00 p.m. – 3:00 p.m. EST.



Click [here](#) to register for the teleconference.

**Corporate Rule Amendments Approved:** The NCUA Board has approved a final rule to amend NCUA's regulations (Part 704) governing corporate credit unions and the scope of their activities. The rule does not make changes to liberalize capital and investment standards.

Several of the amendments will simplify and clarify parts of the rule and facilitate compliance. Two changes also provide regulatory relief. One change extends corporate credit unions' maximum secured borrowing term from 30 to 180 days, enhancing their ability to provide seasonal liquidity. The other change allows surviving corporate credit unions to count retained earnings acquired in mergers going forward. That change will reduce future risks to the Share Insurance Fund after any corporate consolidations.

The final rule, available online [here](#), will become effective 30 days after publication in the *Federal Register*.

**CFPB Third Annual Fair Lending Report:** The CFPB has [announced](#) the release of its third annual [Fair Lending Report](#), which details the strides the agency has taken over the last year to protect consumers from credit discrimination and to increase access to credit. The Blog article also reviewed the agency's key supervision and enforcement priorities for 2014 were auto lending, consumer relief in the credit market, and helping recipients of disability income.

## Comment Calls

### Consumer Complaint Database

The CFPB seeks input on the potential collection and sharing of consumer compliments about providers of consumer financial products and services and more information about a company's (including credit unions) complaint handling.

The Bureau conceives of two potential avenues for sharing positive consumer feedback about companies: (1) By providing more information about a company's complaint handling, and (2) by collecting and providing consumer compliments (independent of the complaint process).



Please send GCUA your input by **May11th** to Selina Gambrell at [selinag@gcu.org](mailto:selinag@gcu.org).

The [CUNA Regulatory Advocacy Report](#) 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. 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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