



## InfoSight Highlight

### How Does Regulation D Affect Your CU?

The Federal Reserve Board's (FRB) Regulation D was established in 1980. It contains four primary provisions that affect depository institutions, including natural person credit unions.

1. Credit unions may be required to maintain reserves.
2. Credit unions may have to place limits on certain deposit accounts in order to avoid having to reserve against those accounts.
3. Credit unions are required to impose certain penalties for early withdrawal from time deposit accounts in order to avoid having to reserve against the time deposit.
4. Credit unions may be required to report account information to the Federal Reserve.

Regulation D controls how credit unions define certain terms and conditions of deposit accounts, since the characteristics of the accounts determine whether the credit union must reserve against the accounts. The following accounts are subject to Regulation D reserve requirements: transaction accounts, time deposits, savings accounts, and Euro-currency deposits.

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

Review the information today to help your credit union remain in compliance.

## Compliance News

### NCUA Publishes Regulation Changes

The National Credit Union Administration (NCUA) has published two regulatory amendments in the *Federal Register*:

- A final regulation to strengthen the associational common bond provisions of NCUA's chartering and field of membership requirements [80 FR 25924], effective **July 6, 2015**.



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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](#)

- Amendments to NCUA's regulations governing corporate credit unions and the scope of their activities to clarify the mechanics of certain provisions and make technical corrections [[80 FR 25932](#)], effective **June 5, 2015**.

**Note:** If you missed NCUA's webinar (or want to see it again) on strategies for expanding field of membership that was held in March, you can view it via [NCUA's archive link](#). Registration is required.

#### Overdraft Fee Lawsuits Target CUs

CUNA Mutual Group is warning credit unions that plaintiff attorneys are aggressively pursuing class-action suits against credit unions with overdraft fee programs, initially targeting larger credit unions in California. These cases are alleging that fees are being improperly assessed on the available balance, the fee structure is not clearly communicated, and members are not being provided with accurate available balance information. The potential uninsurable damages in these cases are typically in the millions of dollars.

#### Details:

Some credit unions assess an overdraft fee based on the member's available balance, rather than on the actual balance. The available balance is lower than the actual balance due to funds being held for debit card authorizations and check holds. The suits allege that this situation causes confusion and may mislead members because assessing the fee on the available balance could lead to situations where overdraft fees are assessed even though the actual balance may not go negative.

Litigation has been targeting these types of credit union overdraft fee programs. In fact, lawsuits allege multiple claims including:

- The credit union improperly assessed overdraft fees based on the available balance rather than on the actual balance in the member's account when the transactions clear the account.
- In assessing these fees, the credit union breached the account agreement, which either misstates when the credit union charges overdraft fees or fails to disclose how fees are calculated.

[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

July 24

5300 Call Report Due to NCUA

August 1

CFPB: Know Before You Owe Disclosure - Effective Date

CFPB: Integrated Mortgage Disclosures - Effective Date

September 7

Labor Day - Federal Holiday

September 18

NACHA's Return Rate Levels & Reinstated Transactions Rule

- The credit union has misled members as to when fees will be charged by failing to clearly define available balance, or by failing to disclose the available balance to their members prior to the transactions.

If successful, the plaintiffs' alleged damages could be significant. If the court determines that the overdraft fees were unlawful and/or improper, the credit union could be required to return years' of overdraft fees to its members. For some credit unions, these damages could easily exceed several million dollars.

#### Loan Estimate Disclosure Addendums

**Question: On page 2 of the new integrated Loan Estimate, where we list the settlement services our members can and cannot shop for – are we allowed to attach additional pages to the Loan Estimate if we can't fit all of the services in the space provided?**

**Answer:** The answer, according to [CUNA's Compliance Blog](#) is "yes and no." As you note, the Loan Costs Table on the second page of the integrated Loan Estimate includes "Services You Cannot Shop For" and "Services You Can Shop For" (as well as "Origination Charges"). For the settlement services your members are allowed to shop for, you may only disclose 13 charges on the Loan Costs Table of the Loan Estimate and you may not add an addendum to the Loan Estimate to disclose additional items. If there are more than 13 charges for services your member is not allowed to shop for, you must list the first 12 charges and the 13th charge must be labeled "Additional Charges" to disclose the total amount of the remaining charges.

For services your members are allowed to shop for, you may disclose no more than 14 settlement services and you may use an addendum to the Loan Estimate to disclose the additional items. For this section of the Table, if there are more than 14 services, you must list the first 13 and use the label "Additional Charges" as the 14th charge to disclose the total amount of the remaining charges.

For more information review:

- CUNA's 20 minute podcast: [The Loan Estimate – The Content of the Disclosure](#),

October 12  
Columbus Day - Federal Holiday

October 23  
5300 Call Report Due to NCUA

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

#### Compliance Training

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**

- [CUNA's CompNOTE: The Loan Estimate & The Home Buying Information Booklet.](#)
- [CFPB's TILA-RESPA Integrated Disclosure, Guide to the Loan Estimate and Closing Disclosure.](#)

**Note:** For more FAQs and resources on the upcoming rule, see GCUA's [TILA-RESPA Integrated Disclosure Rule R&I Bulletin](#).

#### FHFA Revises Scorecard Methods

The Federal Housing Finance Authority (FHFA) has [announced](#) revisions to the affordable housing lending categories that are excluded from the multifamily lending purchase caps established in the 2015 Scorecard for Fannie Mae and Freddie Mac. Changes to the affordable housing lending exclusions include the following:

- A pro rata portion of multifamily loan amounts purchased by the Enterprises in 2015 will be excluded from the caps based on the percentage of units in a property affordable to renters at 60 percent of area median income.
- In higher cost areas, the income threshold for affordability will be increased to 80 percent of area median income.
- For very high cost markets, the income threshold for affordability will be increased to 100 percent of area median income.
- Assisted living units for seniors will also be excluded from the caps as long as they are affordable at 80 percent of area median income.
- The calculation of specific loan amounts excluded from the caps for mixed income targeted affordable housing properties will also be modified.

Your CU Should Know...

**Nominations for NCUA Consulting Assistance Open:** The NCUA has [announced](#) that credit unions that qualify for consulting assistance

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 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](#)

from its Office of Small Credit Union Initiatives have until **May 31** to submit nominations. The [application](#) is available online. Credit unions may nominate themselves or be nominated by an NCUA examiner. The consulting services, available at no charge, are provided for a six-month period. Credit unions chosen to participate in the program will be announced in June. The next round of consulting begins July 1, 2015.

**NCUA and AARP Twitter Chat:** The NCUA has [announced](#) it will host with AARP a Twitter chat on detecting and addressing financial abuse of the elderly on **May 13, 2015, beginning at 11:00 a.m. EST.**

**Still Time to Register for Webinars on Cybersecurity and TILA/RESPA Disclosures:** There is still time to register for upcoming webinars that may be of interest. The Federal Reserve is hosting a **May 26 webinar** that will answer FAQs regarding the CFPB's TILA/RESPA Integrated Disclosure rule. Click [here](#) to register.

In addition, NCUA is hosting a **May 20 webinar** where credit unions can learn more about cyber threats and deterring cybercrime. Tim Segerson, Deputy Director of NCUA's Office of Examination and Insurance, Chris Gill, Risk Management Consultant with CUNA Mutual Group, and Jessica Cromer, Corporate Sales Associate for Financial Services, Citrix Sharefile will discuss the FFIEC's work to develop a self-assessment guide for use by credit unions, among other topics. Click [here](#) to register.

**Ukraine-Related Sanctions FAQs:** OFAC has posted [revised FAQs](#) and a [new FAQ](#) on Ukraine-related sanctions.

**CUs to Pay Late-Filing Penalties:** The NCUA has [announced](#) that twenty-eight federally insured credit unions are subject to civil money penalties for filing fourth-quarter 2014 Call Reports late. The late filers will pay a total of \$13,650 in penalties. Individual penalties range from \$150 to \$6,752.

**NCUA Webpage for Secondary Capital Working Group:** NCUA has announced the availability of a Secondary Capital Working Group webpage. The working group's webpage is available [here](#). NCUA also

[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**

July 7, 2015  
[IRA Conversions and Recharacterizations](#) – Webinar  
**12:00 – 1:30 p.m. EST**

July 7, 2015  
[Minimizing the Risk of Mortgage Fraud](#) – Webinar  
**2:00 – 3:30 p.m. EST**

July 7 – 28, 2015  
[CUNA Residential Mortgage Lending eSchool](#)  
**2:00 – 3:30 p.m. EST**

July 13 – September 14, 2015  
[CUNA Fundamentals of Investment Management eSchool](#)  
**3:00 – 4:30 p.m. EST**

July 14, 2015  
[IRA Simplified Employee Pension \(SEP\) Plans](#) – Webinar  
**12:00 – 1:30 p.m. EST**

July 21, 2015  
[IRA 72\(t\) Payments](#) – Webinar  
**12:00 – 1:30 p.m. EST**

July 21, 2015  
[What's New in Mortgage Lending Compliance](#) – Webinar  
**2:00 – 3:30 p.m. EST**

July 22 – August 5, 2015  
[CUNA Marketing Compliance](#)

has created a dedicated email to make it easier for stakeholders to submit suggestions. For more information NCUA's announcement is [here](#).

**2014 Debit Card Interchange Fee Data:** The Federal Reserve has released the [2014 Average Debit Card Interchange Fee by Payment Card Network data](#).

**What Happens to Student Loans When a School Shuts Down:** The Consumer Financial Protection Bureau's (CFPB) Blog features an [article](#) by Assistant Director Rohit Chopra addressing what happens to a student loan if the college or university being attended by a student is shut down. The impact on federal and private student loans is discussed and the "teach-out" option is explained.

**Millions of Credit-Invisible Consumers:** The CFPB has [announced](#) the publication of a [report](#) which indicates 26 million Americans are "credit invisible." One in every 10 adults does not have any credit history with a nationwide consumer reporting agency. The report also found that Black consumers, Hispanic consumers, and consumers in low-income neighborhoods are more likely to have no credit history with a nationwide consumer reporting agency or not enough current credit history to produce a credit score.

[eSchool](#)  
**3:00 – 5:00 p.m. EST**

July 23 – 25, 2015  
[Coastal Supervisory Committee  
& Internal Auditor Conference](#)  
**Charleston, SC**

July 28, 2015  
[QRP Beneficiary Rollovers to  
Inherited IRAs – Webinar](#)  
**12:00 – 1:30 p.m. EST**

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

## Comment Calls

2015 Annual NCUA Regulatory Review List  
NCUA has a policy of continually reviewing its regulations to determine whether they should be updated, clarified, simplified, or eliminated. Every year, NCUA examines one-third of its regulations as part of this annual review process.

Please see NCUA's [2015 Regulatory Review](#) for this year's list. Please send your thoughts, suggestions, and/or comments to Selina Gambrell at [selinag@gcua.org](mailto:selinag@gcua.org) by **July 13th**.

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.



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