



InfoSight Highlight

How Does HOEPA Affect Credit Unions?

If a credit union makes high-cost mortgages there are several consumer protections for high-cost mortgages, including:

- a. Specific disclosure requirements
- b. Restrictions on transaction terms
- c. Restrictions on fees and practices
- d. Ability-to-repay requirements
- e. Pre-loan counseling requirements

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

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

Compliance News

CFPB Clarifies TRID Rule Enforcement Plans

The Consumer Financial Protection Bureau (CFPB) has posted a [Bureau Blog article](#) reminding all parties of the impending **August 1, 2015**, effective date of the TILA/RESPA Integrated Disclosure (TRID) rule. The article also announced that the CFPB had delivered a letter to Members of Congress "stating that our oversight of the implementation of the Know Before You Owe mortgage rule (also known as the TILA-RESPA Integrated Disclosure rule) will be sensitive to the progress made by those entities that have been squarely focused on making good-faith efforts to come into compliance with the rule on time. We have spoken with our fellow regulators to clarify this approach. This is consistent with our approach in the implementation of the Title XIV mortgage rules."

Oops! In the Blog article, the letter to Congress and a [fact sheet](#) addressed to consumers, the Bureau included an error in which it said that a change in APR of more than 1/4% for "adjustable-rate loans" would trigger the need for a new disclosure and waiting period



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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](#)

before closing. The reference should have been to "irregular transactions."

Upcoming NCUA Webinars

The National Credit Union Administration (NCUA) will host a free 90 minute webinar, "[Remittances and Other Money Transfer Services](#)," on **Wednesday, June 17, beginning at 2:00 p.m. EST**. Topics to be covered during the webinar include:

- Which countries receive the most money transfers;
- How to choose the appropriate remittance partner;
- Bank Secrecy Act and other regulatory issues to consider; and
- Where remittances rank in priority for immigrant services.

NCUA Board Chairman Debbie Matz will also host a town hall webinar with the credit union system on **Tuesday, July 28, beginning at 3:00 p.m. EST**.

The webinar will feature updates on a range of subjects, including but not limited to:

- Credit union system performance;
- NCUA's Regulatory Modernization Initiative;
- Efforts to provide regulatory relief;
- A forthcoming proposed rule on member business lending; and
- Cybersecurity and interest rate risks.

During the webinar, participants will be able to type in questions and get answers about any topic relating to NCUA. Participants also can submit advance questions at WebinarQuestions@ncua.gov. The subject line of the email should read, "Matz Town Hall Webinar."

NCUA will provide details on how to register for this no-cost webinar in the coming days.

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

Compliance Calendar

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

October 12

Columbus Day - Federal Holiday

Associational Common Bond

Question. Is NCUA's associational common bond regulation that goes into effect July 6 dramatically new?

Answer: According to [CUNA's Compliance Blog](#), the answer is "no," but it should simplify the documentation that FCUs need to submit to NCUA to get most associations added to their charters. The regulation basically reduces to paper for all to see what the agency has done for some time in evaluating charter amendment requests.

The good news is that NCUA now lists 12 pre-approved groups. The credit union just needs to show that the association falls within one of the 12 categories (up from a proposed list of seven), and NCUA will automatically approve the charter amendment. NCUA says that since the beginning of 2014, 87% of associational applications would have been automatically approved. Click [here](#) for the final regulation; the last page has the list of pre-approved groups.

NCUA reiterates its long standing policies that: (a) the FCU can pay the association's dues for a person to join the association to become eligible for FCU membership; (b) an association based primarily on a "client-customer relationship" (such as a health club) won't qualify to be added to an FCU's charter; and (c) individuals who only make donations to an association are not eligible for FCU membership.

For other associations that an FCU would like to add, the credit union has to provide documentation to meet a "threshold" test and a "totality of the circumstances" test. Although NCUA makes the threshold test sound new, the agency has always had to be convinced that an association hasn't been formed primarily for the purpose of expanding an FCU's membership. And in reality, the agency will undoubtedly look at some of the eight factors in the "totality" test to evaluate the threshold test, things like whether the association sponsors other activities, has meetings, has membership lists, etc.

Seven of the eight totality factors have existed for years, so nothing new there (and of course no one factor is determinative and not all the factors have to be met). The eighth factor, on "separateness," spells out NCUA's expectation that "the federal credit union's and the group's respective business transactions, accounts, and corporate records are not intermingled."

October 23
5300 Call Report Due to NCUA

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

Compliance Training

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

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

July 7, 2015
[Minimizing the Risk of](#)

NCUA's Office of Consumer Protection, which handles charter amendments these days, will be issuing more guidance about all this in coming weeks.

So this isn't dramatic field of membership news – that should be coming later this year when NCUA's internal staff FOM working group makes its recommendations. The agency has an FOMSuggestions@ncua.gov email box where you can feed your ideas of what should be changed in NCUA's FOM and chartering rules, policies and processes. (Please also share your ideas that you submit to NCUA with GCUA's Regulatory Response Committee by sending your ideas to Selina Gambrell at selinag@gcu.org.)

Your CU Should Know...

Customizing the CFPB's 'Toolkit' Booklet: The CFPB has [posted](#) instructions for creditors and others who wish to add their logos to the cover of "Your Home Loan Toolkit," the consumer guide designed to replace the current Settlement Cost booklet when the Integrated Disclosures go into effect on August 1, 2015. Those interested should review the [instructions](#) and [required disclaimer](#).

Consumer Advisory on Reverse Mortgages: The CFPB has posted an [article](#) alerting consumers about reverse mortgage advertisements. The article directs consumers to the [CFPB Guide](#) to reverse mortgages for older consumers and their families as a resource.

MLO Compensation Violations: The CFPB has issued a [Consent Order](#) requiring a California mortgage bank, Guarantee Mortgage Corporation (GMC), to pay a civil penalty of \$228,000 for paying its branch managers based, in part, on the interest rates of the loans they closed. GMC was a mortgage banking firm that operated 10 branches in the San Francisco Bay Area. The announcement from the CFPB is [here](#).

CFPB Orders Mortgage Lender to Pay \$19M: The CFPB has [announced](#) the filing of a complaint and proposed consent order against RMP Mortgage, Inc. and its CEO, Erwin Robert Hirt, for

[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 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

illegally paying bonuses and higher commissions to loan originators to encourage them to steer consumers into costlier mortgages. The CFPB also filed a proposed order that, if entered by the court, would require RPM to pay \$18 million in redress to consumers and a \$1 million civil penalty, and would require Hirt to pay an additional \$1 million civil penalty. RPM Mortgage, Inc. is a residential-mortgage lender that is headquartered in California and operates about sixty branches across 6 states.

[Click here for details](#)

Financial Assistance for the Disabled: The CFPB has announced a new initiative, "ROADS," which stands for "Reach Outcomes. Achieve Dreams. Succeed," to improve the financial lives of people with disabilities. The initiative, which is piloting with local partners in six communities across the country, will integrate financial counseling with employment, independent living, and other support services for individuals with disabilities.

CFPB Consumer Advisory Bulletin: The CFPB has issued a Consumer Advisory Bulletin on the topic of planning for diminished capacity and illness. The Bulletin, created with the aid of the SEC, includes advice on planning for one's financial future, getting one's documents in order, and watching out for financial exploitation.

Comment Calls

Department of Labor Proposal to Define Fiduciary
On April 20, 2015 the U.S. Department of Labor (DOL) published a proposed rule defining who is a "fiduciary" of an employee benefit plan under the Employee Retirement Income Security Act of 1974 (ERISA) as a result of giving investment advice to a plan or its participants or beneficiaries. The proposal also applies to the definition of a "fiduciary" of a plan (including an individual retirement account (IRA)) under section 4975 of the Internal Revenue Code of 1986 (Code). This proposal considerably expands the number of financial professionals that would be considered ERISA fiduciaries providing advice. A similar proposed rule was published in 2010. During the notice and comment period for the 2010 proposed rule, and at a public hearing there was considerable criticism of the proposal and the DOL decided to withdraw the rule and rewrite it. This proposed rule incorporates some changes from the 2010 comment period,

however includes a comparable expansion of what is considered investment advice.

The relevant part of the proposed rule for credit unions is this expansion of what is considered investment advice, which could be triggered if credit unions provide services for 401K plans and IRAs.

This proposal could sweep in credit union employees providing assistance to members, which in the past has not been considered giving investment advice, thus making the employee an ERISA fiduciary. We are seeking feedback on whether this proposal would have any negative impact on the communications between credit unions and their members. Also, we are seeking feedback on whether this proposed rule could negatively impact credit union members who may not be able to as freely receive assistance.

Please send your thoughts, suggestions, and/or comments to Selina Gambrell at selinag@gcua.org by **June 22nd**.

DOL has provided a [fact sheet](#) on the rule and [Regulatory Impact Analysis](#).

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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Need a BSA, ACH or Website review? Email compliance@gcua.org.