



InfoSight Highlight

How Does the Credit Card Act Affect Your CU?

The Federal Reserve Board amended Regulation Z and the Official Staff Commentary to the regulation in order to implement provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (the Credit Card Act).

Credit unions that offer credit cards must comply with the open-end (not home-secured) credit provisions of Regulation Z.

Question: Do the ability to repay rules contain any exception for share-secured credit card accounts?

Answer: No. The rule does not have an exception for share-secured credit card accounts. Therefore, a consumer would be required to have either an independent source of income sufficient to make the required payments or have a cosigner, guarantor or a joint applicant on the account.

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

Compliance News

Amendments to the TILA-RESPA Final Rule

In early October, the Consumer Financial Protection Bureau (CFPB) issued a proposed rule amending a number of minor issues in the TILA-RESPA Integrated Disclosure rule. These changes were finalized in late January. The [final rule](#) amended the timing requirements for issuing a revised Loan Estimate when the consumer locks a rate or extends a rate lock after the initial disclosures have been provided. Under the final rule creditors are required to provide a revised Loan Estimate within three business days after a consumer locks in a floating interest rate. The original rule required creditors to provide the revised disclosure on the date the rate is locked, whereas the proposed rule, would have permitted the disclosures to be provided by the next business day. The final rule has extended the time period to three days from the rate lock date in order to provide creditors enough time to provide a revised Loan Estimate without having to reduce flexibility that consumers currently have in locking their rates. Some creditors currently permit consumers to lock interest rates late in the day or even

GEORGIA CREDIT UNION

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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](#)

after business hours. The CFPB was concerned that creditors would eliminate these flexible hours for rate locks due to a short turnaround in providing a revised Loan Estimate.

Another amendment in this final rule permits language related to new construction loans to be included on the Loan Estimate form. Creditors that make new construction loans and reasonably expect settlement to occur more than 60 calendar days after providing the initial loan estimate may state on the loan estimate that the creditor may issue revised disclosures.

The final rule also amended the Loan Originator Final Rule to provide for placement of the Nationwide Mortgage Licensing System and registry ID (NMLSR ID) on the Loan Estimate and the Closing Disclosure.

These changes are effective on **August 1, 2015**. Click [here](#) for the Bureau's announcement.

Supreme Court TILA Disclosure Ruling – How it Affects CUs

A new ruling from the Supreme Court will make it even more important for credit unions to provide thorough Truth in Lending disclosures as part of their mortgage closing process. In [Jesonoski v. Countrywide Home Loans](#), the court unanimously agreed with homeowners Larry and Cheryle Jesonoski that U.S. law only required they notify Bank of America in writing within three years of closing that they were rescinding their mortgage because of disclosure problems.

The law did not, as Bank of America argued, require the homeowners to have sued within three years to rescind, the court said.

“Section 1635(a) explains in unequivocal terms how the right to rescind is to be exercised,” wrote Justice Antonin Scalia for the court. “It provides that a borrower “shall have the right to rescind . . .by notifying the creditor, in accordance with regulations of the Board, of his intention to do so” (emphasis added).

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

Compliance Calendar

January 31
Credit Card Quarterly Agreement Submission Due to CFPB (10,000 or more open credit card accounts)

February 16
Washington's Birthday/President's Day - Federal Holiday

March 3
Permissible Derivatives Effective Date

March 8
Daylight Savings Time Begins

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)

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

Compliance Training

The language leaves no doubt that rescission is affected when the borrower notifies the creditor of his intention to rescind, according to the court.

It follows that so long as the borrower notifies within three years after the transaction is consummated, his rescission is timely, the court said. The statute does not also require him or her to sue within three years.

Analysts speaking to media outlets said the ruling would have only a limited impact now. However, it would likely take on more importance if another economic downturn led more homeowners to leave mortgages on properties that had fallen below their loan balances.

Filing an Amended SAR

Question: How should a credit union file a corrected or amended Suspicious Activity Report (SAR) via the BSA E-Filing System?

Answer According to [CUNA's Compliance Blog](#), FinCEN's SAR Frequently Asked Questions (FAQs) states that filers attempting to submit a corrected/amended report via the [BSA E-Filing System](#) should check "Correct/amend prior report" and enter the previous Document Control Number/BSA Identifier (DCN/BSA ID) in the appropriate field. The credit union should then complete the SAR in its entirety, including the corrected/amended information and noting those corrections at the beginning of the narrative, save (and print, if desired) a copy of the filing, and submit the filing. The corrected/amended FinCEN SAR will be assigned a new BSA ID.

For more FinCEN SAR FAQs, click [here](#). Contact the BSA E-Filing Help Desk via telephone at 1-866-346-9478 or e-mail at BSAEFilingHelp@fincen.gov. Speaking of SARs...

SAR Stats Update: FinCEN has issued the Fourth Quarter 2014 update of [SAR Stats](#) (formerly "By the Numbers"). The report is a compilation of numerical data gathered from the FinCEN Suspicious Activity Reports filed by financial institutions.

January 29, 2015

[The Current State of UDAAP Unfair, Deceptive or Abusive Acts or Practices](#) – Webinar
2:00 - 3:30 P.M. EST

February 4, 2015

[ID Theft Red Flags and Check Fraud for the Frontline](#) - Webinar
2:00 - 3:30 p.m. EST

February 10 – April 9, 2015

[CUNA Regulatory Compliance Introduction eSchool](#)
2:00 – 4:00 p.m. EST

February 11, 2015

[Immigration Executive Order and Financial Inclusion Part 2](#)– Webinar
2:00 – 3:00 p.m. EST

February 16, 2015

[Examination Guidance for Directors](#) - Webinar
2:00 - 3:00 p.m. EST

February 18, 2015

[2015 Tax Refunds](#) - Webinar
2:00 – 3:00 p.m. EST

February 18, 2015

[Expiring ITINs and Form W-8BEN](#) - Webinar
2:00 – 3:00 p.m. EST

February 18 – 19, 2015

[Sales & Service Boot Camp Atlanta, Georgia](#)

February 19, 2015

[ABCs of Collections](#) - Webinar
12:00 – 1:30 p.m. EST

Your Credit Union Staff Needs Compliance Training

If you're responsible for compliance at your credit union, one thing you should be aware of is certain federal regulations, along with NCUA Rules and Regulations, require training of credit union staff from time to time. And, while other statutes do not require training, it is still a prudent thing to do since the staff is responsible for carrying out many of the compliance requirements found in the regulations.

Here are some examples of credit union specific training:

***Bank Secrecy Act.** Financial institutions are required to have an anti-money laundering program that includes an ongoing employee training program. The Bank Secrecy Act (BSA) is the current hot topic with all of the financial institution regulatory agencies. Your BSA training should be institution-wide. Every employee needs to receive general training, and training specific to their job function, on BSA compliance. This training should include Management and the Board. (Don't forget, GCUA has staff and BOD BSA training opportunities. For more information, please contact us at compliance@gcua.org)

***NCUA Rules & Regulations Part 748.2 (b) & (c).** Much like the BSA, this regulation requires all federally insured credit unions to have a BSA program in writing, approved by the Board of Directors of the credit union and noted in the minutes. The program must provide training for appropriate personnel. However, no interval is mandated for providing that training.

***Regulation CC, Availability of Funds and Collection of Checks.** Section 229.19 (f) of this regulation states that financial institutions must do whatever is necessary to inform employees performing tasks governed by the regulation of the requirements and establish and maintain procedures designed to ensure and monitor employee compliance with the requirements.

***Regulation B, Equal Credit Opportunity Act.** Section 202.15 (c) (2) of the commentary to this regulation states that "identifying and then training and/or disciplining the employees involved" is an appropriate corrective action for problems discovered as a result of a self-test for compliance with this regulation.

February 19, 2015
[Payments Systems Fraud for Compliance Staff](#) - Webinar
2:00 – 3:00 p.m. EST

February 25, 2015
[Mandatory Repossession Letters and How to Avoid Common Mistakes](#) - Webinar
1:00 – 2:15 p.m. EST

March 4, 2015
[Collection Compliance Do-s and Don't-s for the Frontline](#) - Webinar
2:00 - 3:00 p.m. EST

March 10, 2015
[8 Hour SAFE Comprehensive Mortgage Loan Originator Course #4528 \(NMLS #1405021\)](#)
8:30 – 5:00 p.m.

March 11, 2015
[Recognizing Financial Elder Abuse for the Frontline](#) - Webinar
2:00 - 3:30 p.m. EST

March 23, 2015
[The Director - A Guide to Effectively Working with the Supervisory Committee](#) - Webinar
2:00 - 3:00 p.m. EST

March 25, 2015
[Bankruptcy Best Practices for Credit Unions](#) - Webinar
12:00 – 1:00 p.m. EST

March 31 – April 9, 2015
[Protecting Members Under Reg](#)

***NCUA Rules & Regulations Part 748, Safeguarding Member Information.** Appendix A III (c) (2) requires all credit unions to train their staff to implement the information security program.

Develop training by starting with the five most important concepts for the topic being discussed, and build on that list. Be sure to customize the training to reflect your credit union's own philosophy, procedures and terminology. Make sure to cover any regulatory changes since the last training. Develop testing or other feedback mechanisms to ensure that each employee understands the basic principles. **Be certain to document the content of your training, your training measurements, and attendance.**

Your CU Should Know...

NCUA Posts Legal Opinion on Risk-Based Capital Proposal: The NCUA has posted an opinion from an outside law firm regarding the agency's revised proposed risk-based capital rule. Comments on the revised proposed rule must be received within 90 days of its publication in the *Federal Register*.

NCUA Announces Late-Filing Penalties: The NCUA has announced that 31 federally insured credit unions subject to civil money penalties for filing third-quarter 2014 Call Reports late have consented to those penalties. The late filers will pay a total of \$12,820 in penalties.

CFPB Posts New Mortgage Tool for Consumers: The Bureau has introduced a new interactive tool to help consumers determine their likely mortgage interest rate.

FTC Credit Report Accuracy Follow-up Study: The Federal Trade Commission has announced the release of a follow-up report on credit report accuracy that found most consumers who previously reported an unresolved error on one of their three major credit reports believe that at least one piece of disputed information on their report is still inaccurate. The congressionally mandated study is the sixth and final study on national credit report accuracy by the FTC. The original study issued in 2012 found that one in five consumers had an error that was corrected by a credit reporting agency (after it was disputed) on at least one of their three credit reports. The follow-up study focuses on 121 consumers who had at least one unresolved dispute from the 2012

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

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

study and participated in a follow-up survey. The final study recommends that credit reporting agencies review and improve the process they use to notify consumers about the results of dispute investigations, and that CRAs continue to explore efforts to educate consumers regarding their rights to review their credit reports and dispute inaccurate information.

Fined for Mortgage Kickbacks: The CFPB and the Maryland Attorney General took action against Wells Fargo and JPMorgan Chase for an illegal marketing-services-kickback scheme they participated in with Genuine Title, a now-defunct title company. The Bureau and Maryland also took action against former employees of the companies involved. Genuine Title gave the banks' loan officers cash, marketing materials, and consumer information in exchange for business referrals. The Bureau's investigation identified more than 100 Wells Fargo loan officers in at least 18 branches, largely in Maryland and Virginia, who participated in this scheme. The Bureau alleges that these loan officers referred thousands of loans to Genuine Title over the course of the scheme. The Bureau alleges that, despite the fact that Wells Fargo had multiple warnings of the illegal arrangements between its loan officers and Genuine Title – including a federal lawsuit explicitly alleging the existence of such agreements – the bank failed to take action to stop the practices and did not have an adequate system in place to identify these violations. Read the Bureau's announcement [here](#).

Local Training - Sales & Service Boot Camp

Join us, **February 18 – 19 in Atlanta, GA**, for an interactive session designed to equip you with the skills, behaviors and knowledge to meet and exceed member expectations using specific techniques that will build long-term expanded relationships with your members.

This session is all about:

- Improving service and sales experience and consistency for your members
- Increasing products per household
- Developing a more proactive approach to the way you do business with members

- Enhancing the service, sales and leadership culture within the organization
- Learning techniques to match member needs with appropriate products and services
- Improving bottom-line results
- Creating an environment where members' needs are exceeded
- Selling the "relationship" and the "credit union" not just the product
- Increasing comfort, confidence and professionalism

Note: Credit unions under \$10 million in assets receive a 25% discount by entering promotion code 0925CU on the "Complete Checkout" page. Only one discount applies.

For more information, or to register, please click [here](#).

Comment Calls

Prepaid Accounts

The Consumer Financial Protection Bureau (CFPB) has issued a [proposed rule](#) that applies to prepaid accounts (including general purpose reloadable cards as well as other types of prepaid accounts such as digital wallets) that are offered to consumers. Prepaid products are amongst the fastest growing types of consumer financial products in the U.S.; the total dollar value loaded onto general purpose reloadable cards is expected to grow to nearly \$100 billion through 2014. The CFPB also included a related [blog post](#) and [press release](#).

The proposal would:

- Modify Regulation E to establish specific prepaid account requirements that would require financial institutions to provide certain disclosures to consumers prior to and after the acquisition of a prepaid account;
- Include an alternative to Regulation E's periodic statement requirement that would permit prepaid product providers to make available certain methods for access to account information in lieu of sending periodic statements;
- Apply Regulation E's limited liability and error resolution provisions to prepaid accounts with certain modifications, including applying these provisions after account registration;
- Require prepaid account issuers to provide the bureau with terms and conditions for such accounts, to be posted on a website maintained by the CFPB. Issuers would also be required to post the

terms and conditions on their own sites or make them available upon request;

- Subject prepaid cards that access overdraft services or credit features to Regulation Z's credit card rules;
- Require that consumers consent to overdraft services or credit features and give them at least 21 days to repay the debt incurred in connection with using such services or features;
- Amend Regulation E to include disclosures about overdraft services or credit features that could be linked to prepaid accounts; and
- Amend the compulsory use provision under Regulation E to prohibit prepaid account issuers from requiring consumers to set up preauthorized electronic fund transfers to repay credit extended through an overdraft service or credit feature.

While not all credit unions offer prepaid cards, GCUA and CUNA have a variety of concerns about the impact of the proposal on these financial products now and into the future, such as treating overdrafts on prepaid cards as a loan.

GCUA would like to know your comments and/or concerns on this new proposal. Please submit your comments to Selina Gambrell at selinag@gcua.org by **March 9th**.

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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