



## InfoSight Highlight

Check out the Compliance Calendar!  
October is a busy month! There are several regulations that will be updated this month. Some with immediate effective dates:

- Flood Insurance Rules (Part 1)
- Credit/Debit Card Liability Shift (aka EMV Card Technology)
- Military Lending Act
- Integrated Mortgage Disclosures

The Compliance Calendar in InfoSight is kept updated with Compliance Dates and Other Important Reminders and Information. Check it often!

Click [here](#) to access the Calendar.

## Compliance News

### Management of Fixed Assets

NCUA has released supervisory guidance on the management of fixed assets. As of **October 2**, federal credit unions are no longer limited to the 5% cap on investments in fixed assets and therefore, are no longer required to apply for a waiver if a federal credit union exceeds that limit.

Click [here](#) to read Supervisory Letter 15-03 on *Fixed Asset Management*.

### TRID Rules Now in Effect

**The Truth in Lending Act (TILA) – Real Estate Settlement Procedures Act (RESPA) Integrated Disclosure Rule (TRID Rule) went into effect on October 3rd.** The FDIC (and other regulators, but nothing from NCUA yet) has published a letter [FIL-43-2015](#) to provide guidance on its initial supervisory expectations in connection with its examinations of financial institutions for compliance with the TRID Rule.



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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](#)

While the FDIC's guidance isn't applicable to credit unions, you may want to see what the FDIC's expectations will be for their financial institutions. Highlights of the FDIC's announcement include:

- If mortgage loans are part of the scope of an FDIC consumer compliance examination, examiners will use interagency examination procedures to evaluate financial institutions for compliance with the TRID Rule. These procedures are available in the FDIC's Compliance Examination Manual.
- During initial examinations for compliance with the TRID Rule, FDIC examiners will evaluate an institution's compliance management system and overall efforts to come into compliance, recognizing the scope and scale of changes necessary for each supervised institution to achieve effective compliance.
- Examiners will expect supervised entities to make good faith efforts to comply with the TRID Rule's requirements in a timely manner. Specifically, examiners will consider the institution's implementation plan, including actions taken to update policies, procedures, and processes, its training of appropriate staff, and its handling of early technical problems or other implementation challenges.

The FDIC's supervisory approach regarding the TRID Rule will be similar to the approach the FDIC took in initial examinations for compliance with the Ability-to-Repay/Qualified Mortgage rules that became effective in January, 2014.

The [CFPB](#) and [OCC](#) issued similar letters to their constituencies.

Mortgage/TRID FAQs

**Question: After October 3rd will we still need to provide the servicing application disclosure?**

**Answer:** The answer, according to [CUNA's Compliance Blog](#) is "no." In developing the new Loan Estimate and Closing Disclosure forms, the CFPB not only reconciled the differences between the existing mortgage disclosures, but also combined other mandated disclosures, such as the appraisal notice required by the Equal Credit Opportunity Act (ECOA) and the servicing application disclosure required by RESPA. The CFPB hopes

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

### Compliance Calendar

- October 12  
Columbus Day - Federal Holiday
- October 23  
5300 Call Report Due to NCUA
- November 1  
Daylight Savings Time Ends
- November 11  
Veterans' Day - Federal Holiday
- November 26  
Thanksgiving Day - Federal Holiday
- December 25  
Christmas Day - Federal Holiday
- December 31  
Foreign Account Tax Compliance Act Effective Date

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

### Compliance Training

October 8, 2015  
[What's In Your Member's Wallets](#) – Webinar  
**3:30 – 4:30 p.m. EST**

that the net savings to financial institutions due to fewer forms and a lower paperwork burden will eventually be passed on to consumers.

**Question: If the credit union provides the member with a Loan Estimate before receiving the address of the property that will secure the loan, are we allowed to issue a Revised Loan Estimate when the member provides the property address, is this considered new information?**

**Answer:** No, according to the CFPB, missing application information is not considered a changed circumstance for purposes of the Revised Loan Estimate provisions. For purposes of determining whether an estimate is provided in good faith, a credit union is presumed to have collected the six pieces of information that constitute a mortgage application: (1) name, (2) income, (3) SSN, (4) property address, (5) value of property, and (6) the loan amount sought by the member, prior to providing the Loan Estimate.

If the credit union provides the loan estimate prior to receiving the property address from the member, the credit union cannot subsequently claim that the receipt of the property address was a changed circumstance.

The regulation lists the following as valid reasons for a Revised Loan Estimate (12 CFR §1026.19(e)(3)(iv):

**Extraordinary / Unexpected Event:** This includes an extraordinary event beyond the control of any interested party or other unexpected event specific to the member or transaction, such as a war or a natural disaster. **Example:** If the credit union provided an estimate of title insurance on the Loan Estimate, but the title insurer goes out of business during underwriting, then this unexpected event specific to the transaction is a changed circumstance. “Unexpected event” is meant to encompass scenarios that involve changes that take place after the original Loan Estimate has been provided to the member;

**Inaccurate Information:** This includes information specific to the member or transaction that the credit union relied upon when providing the disclosures and that was inaccurate or subsequently changed after the Loan Estimate was provided. **Example:** The credit union relied on the member’s income when providing the Loan Estimate. The member represented to the credit union that the member had an annual income of \$90,000, but underwriting determines that the member’s annual income is only \$80,000. The credit union relying on this inaccurate information is a changed circumstance.

October 13 & 22, 2015  
[ACH Origination](#) – Webinar  
**2:00 – 3:00 p.m. EST**

October 15, 2015  
[2015 Interagency Fair Lending Hot Topics](#) - Webinar  
**2:00 - 3:30 p.m. EST**

October 15, 2015  
[Beneficial Owners and Business Accounts](#) – Webinar  
**3:30 – 4:30 p.m. EST**

October 21, 2015  
[Lending Workshop](#)  
**Duluth, GA**

October 21, 2015  
[Nuggets for Your Marketing Campaign](#) - NCUA Webinar  
**2:00 p.m. EST**

November 12, 2015  
[BSA/OFAC Workshop](#)  
**Atlanta, GA**

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

**New Information:** This includes new information specific to the member or transaction that was not relied on when providing the original disclosures. **Example:** If the credit union relied upon the value of the property in providing the Loan Estimate, but during underwriting a neighbor of the seller, upon learning of the impending sale of the property, files a claim contesting the boundary of the property to be sold, then this new information specific to the transaction is a changed circumstance.

**Member's Eligibility Changes:** A revised Loan Estimate may be provided when a changed circumstance affecting the member's eligibility for the specific loan terms, such as the member's creditworthiness or the value of the collateral, causes the estimated charges to increase.

**Revisions Requested by the Member:** A revised Loan Estimate may be provided if the member requests revisions to the credit terms or the settlement that cause a charge on the Loan Estimate to increase. **Example:** The member decides to grant a power of attorney authorizing a family member to consummate the transaction on the member's behalf after the Loan Estimate is provided. If the credit union provides a revised Loan Estimate reflecting the fee to record the power of attorney, then the actual charges will be compared to the revised charges to determine if the fees have increased.

**Interest Rate Dependent Charges:** A revised Loan Estimate may be provided if the interest rate on the original Loan Estimate had not been locked, or a locked interest rate has expired. When the interest rate is later locked, the charge or credit for the interest rate chosen, the adjusted origination charges, per diem interest, and loan terms related to the interest rate may change.

Under these circumstances, a revised Loan Estimate must be provided, no later than three business days after the date the interest rate is locked (*February 19, 2015 change from the original final rule*), showing the new interest rate and revisions to any other interest rate dependent charges and terms, such as the points paid to the credit union to reduce the interest rate and lender credits.

**Loan Estimate Expires:** A revised Loan Estimate may be provided when the member does not express an intent to proceed with the transaction until more than **ten business days** after the original Loan Estimate has been provided. Once the Loan Estimate has expired, credit unions are permitted to provide revised disclosures that may reflect new charges. For purposes of determining good faith, a credit union may use the charges on this revised estimate instead of the original Loan Estimate. The rule requires no

justification for the change to the original estimate other than the lapse of ten business days.

**Construction Loan with Delayed Settlement Date:** In transactions involving new construction, where the credit union reasonably expects that settlement will occur more than 60 days after the Loan Estimate is provided, the credit union may provide a revised Loan Estimate to the member if the original Loan Estimate states clearly and conspicuously that at any time prior to 60 days before consummation, the credit union may issue revised disclosures. If no such statement is provided, the credit union may not issue revised disclosures, except as permitted by the Closing Disclosure provisions to provide corrected disclosures reflecting any changed terms at or before consummation. (12 CFR §1026.19(f)(2))

**Question: While preparing the HUD-1 Settlement Statement and the final TILA disclosure, a credit union inadvertently typed the wrong APR on the HUD-1 form, but typed the correct APR on the final TILA disclosure. The correct APR from the TILA disclosure was inputted into the data processing system so the borrower is being charged the correct APR. Is there anything the credit union should do?**

**Answer:** Yes. Since the APR listed on the HUD-1 Settlement Statement is incorrect--the credit union has a violation of RESPA. Section 3500.8. Paragraph (c) of RESPA states: 'A violation of any of the requirements of this section will be deemed to be a violation of Section 4 of RESPA. An inadvertent or technical error in completing the HUD-1 OR HUD-1A shall not be deemed a violation of section 4 of RESPA if a revised HUD-1 or HUD-1A is provided in accordance with the requirements of this section within 30 calendar days after settlement.' Therefore, in order to comply with RESPA requirements, the credit union must provide a revised HUD-1 Settlement Statement within 30 calendar days after settlement.

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EMV POS Liability Shifted October 1st

**October 1, 2015**, marked the date when the major card companies shifted 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 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.

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Your CU Should Know...

**Joint Principles on Student Loan Servicing Issued:** The Departments of Treasury and Education and the CFPB have announced their issuance of a Joint Statement of Principles on Student Loan Servicing. The document is designed as a guiding statement to improve student loan servicing practices, promote borrower success, and minimize defaults as the federal agencies and the CFPB continue to work to protect student loan borrowers and to ensure consumers receive high quality student loan servicing.

In a related development, the CFPB has announced the release of a report outlining widespread servicing failures reported by both federal and private student loan borrowers. The report includes recommendations for policymakers and market participants to improve borrower outcomes and reduce defaults. These recommendations stem from public comments received by the CFPB.

**Reminder - NCUA to Hold Fair Lending Webinar:** A free NCUA webinar, "2015 Interagency Fair Lending Laws Hot Topics" will be held on **October 15, 2015, beginning at 2:00 p.m. EST**. The 90-minute presentation will provide information to credit unions on compliance with fair lending laws. Sponsored by the Federal Reserve System, the session will feature experts from the NCUA, FRB, CFPB, FDIC, OCC, DOJ and HUD.

**NCUA to Host Data Mining Webinar:** "Nuggets for Your Marketing Campaign," a free 90-minute webinar, will be hosted by the NCUA on **October 21, beginning at 2:00 p.m. EST**.

**Bureau Blog Features Consumer Guides:** The CFPB has posted two articles on its Blog discussing how to use its "Your home loan toolkit"

booklet to understand the mortgage process, and explaining “[What’s that chip doing on my credit card?](#)”

**National Cyber Security Awareness Month:** October 2015 is the twelfth annual National Cyber Security Awareness Month sponsored by Department of Homeland Security in cooperation with the National Cyber Security Alliance and the Multi-State Information Sharing and Analysis Center. The month raises awareness and educates Americans about cybersecurity as well as increasing the resiliency of the nation’s cyber infrastructure. A number of resources are being made available by federal agencies as part of the observance:

- The [NCUA](#) is offering a new video, a consumer twitter chat and online resources.
- The FFIEC has a cybersecurity awareness [page](#) featuring a [cybersecurity assessment tool](#).
- Cybersecurity [resources](#) are available from the Department of Homeland Security.

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#### Local Training – Lending Workshop

Please join us in **Duluth, GA on Wednesday, October 21st** for the Lending Workshop to develop skills, tools and techniques to enhance your credit union's lending portfolio.

This workshop, instructed by renowned credit union lender and Credit Union Lending Advice, LLC senior consultant Pierre Cardenas, provides attendees the unique opportunity to learn from, network with and ask questions to a successful industry trendsetter. Throughout the workshop, Pierre will share experiences from his stints as a credit union executive to demonstrate innovative methods and approaches to lending.

Sessions include:

- Understanding your Lending Limitations
- Data Mining for Success
- Relationship Lending
- Building the Perfect Process for Efficient Workflow

Plus, attendees will have the opportunity to receive feedback through a special underwriting exercise. Widely considered one of the most beneficial parts of the workshop, lenders will discuss their own lending policies and underwritten loans with their peers while learning to recognize underwriting risks. In order to receive meaningful advice during the underwriting exercise, attendees should bring a copy of their underwriting policy and a few examples of loans they were unsure about underwriting.

Click [here](#) for more information and to register.

## Comment Calls

The [CUNA Advocacy Update](#) 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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