



InfoSight Highlight

PolicyPro Content Update

PolicyPro has announced the third quarterly content update for 2015 for the CU PolicyPro Operations Manual.

This update includes twelve policy updates. A full listing of the updated policies can be found in the "Update Overview" document on [PolicyPro's website](#).

There are quite a few regulatory changes that become effective in October 2015. As provided to credit unions in the last update, all of the policies related to the Integrated Mortgage Disclosures should be ready for an effective date of October 3, 2015. We have also provided credit unions with revisions related to the Military Lending Act, which became effective on October 1, 2015, but credit unions are not required to comply with until October 3, 2016. So the adoption of the changes in this policy should be delayed until the credit union has their systems and procedures updated to comply with the new requirements. The NCUA's regulation related to the ownership of fixed assets for federal credit unions became effective on October 2, 2016; and last but not least, some of recent revisions to the NCUA rules related to flood insurance also became effective on October 1, 2015.

The tracked changes version of each update can be found in the library section of the online manual. There is also a full word version of the new policy that mirrors the content found in the online Master Manual. It is important to note that when updates are made to the Master Manual, these updates do not automatically go into your Working Manual. We do not want to take the chance of overwriting your content, or putting in content that may not apply to your credit union.

As with all the policies, your credit union may need to modify these updates to meet your specific needs and ensure they comply with state law regulations.

If you have any questions, please contact the CU PolicyPro support team at polycysupport@cusolutionsgroup.com.

Compliance News



**InfoSight
Compliance eNEWSLETTER
October 13, 2015
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Created in partnership with the



Credit Union National Association

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

Regulatory Changes Affecting Military Members

NCUA reminds credit unions in [Regulatory Alert 15-RA-04](#) that the Department of Defense (DOD) issued a [final rule](#) amending the regulation implementing the Military Lending Act.

Under the Final Rule, federal credit unions can continue providing affordable payday alternative loans under NCUA's PAL regulation to military members and their families.

Key Changes

Specifically, DOD's Final Rule permits federal credit unions making PALs in accordance with NCUA's regulation to exclude one application fee in a rolling 12-month period from the military annual percentage rate (MAPR). DOD's proposed rule would have limited the MAPR on PALs to 36 percent *including the application fee* in addition to the interest rate.

DOD's original regulation applied only to payday loans, vehicle title loans and tax refund anticipation loans. The Final Rule expands the 36 percent MAPR limit to cover most non-mortgage-related consumer credit transactions under the Truth in Lending Act (TILA) and its implementing regulation, Regulation Z. For example, the Final Rule covers credit card accounts and installment loans, as well as PALs.

The Final Rule also changes how the MAPR is calculated. For most loans (other than the first PAL in a rolling 12-month period), an application fee counts in calculating the MAPR. This is the case even though the application fee would not count in calculating the APR under Regulation Z.

Other Changes

In addition to accommodating most PALs and revising how the MAPR is calculated, the Final Rule:

- Adjusts the safe harbor for determining and documenting who is a covered borrower;
- Amends disclosure requirements and provides model disclosure language;
- Amends provisions prohibiting certain contract terms, including exemptions from certain provisions for credit unions;
- Defines the penalties and civil remedies for violations; and
- Preempts state law in certain circumstances.

Effective Dates

Although the Final Rule's effective date is October 1, 2015, credit unions generally have a year from the effective date of the Final Rule to

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

Compliance Calendar

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 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

comply with the new provisions for the types of “consumer credit” covered only by the expanded definition under the Final Rule. The compliance date for most new provisions will be October 3, 2016. Compliance with the credit card account rules will begin October 3, 2017.

Until October 3, 2016, credit unions making payday loans, vehicle title loans, or tax refund anticipation loans must continue to comply with the original regulation.

For More Information

NCUA staff is developing guidance and examination procedures in connection with the Final Rule.

In the meantime, credit unions with questions can contact NCUA’s Office of Consumer Protection at (703) 518-1140 or ComplianceMail@ncua.gov, the NCUA Region 3 office, or the Georgia Department of Banking and Finance.

Statutory Changes to Flood Insurance Rule

Following changes in flood insurance laws, the NCUA Board approved a final rule that updated Part 760 of NCUA’s rules and regulations, *Loans in Areas Having Flood Hazards*. This final rule incorporates several changes related to the force-placement of flood insurance, exemptions for detached structures, and escrow requirements for flood insurance payments.

NCUA informs federally insured credit unions that originate mortgage loans in **Regulatory Alert 15-RA-05** of the requirements of the final rule and reiterates the effective dates of the rule’s key provisions.

The final rule implements the following changes:

- **Effective Date:** October 1, 2015
- **Rule Changes:** Incorporates statutory amendments related to the force-placement of flood insurance; and Incorporates a statutory exemption to the general mandatory flood insurance purchase requirement for detached structures
- **Effective Date:** January 1, 2016

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

October 22, 2015
[Interagency Flood Insurance Regulation Update](#) - Webinar
12:30 - 1:30 p.m. EST

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

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

- **Rule Change:** Establishes requirements for certain credit unions to escrow flood insurance payments on residential improved real estate securing any designated loan

The escrow requirements apply primarily to credit unions with at least \$1 billion in assets. Credit unions *under \$1 billion* do not have to comply with the escrow requirements *unless*:

- The credit union is required by applicable federal or state law to escrow taxes or insurance for the term of the loan; or
- The credit union has a policy of consistently and uniformly requiring escrow of taxes and insurance.

What Should Credit Unions Do?

If your credit union offers mortgage loans to members, you should take the following actions to implement the regulatory requirements of the final rule:

- Determine the business and process changes needed to comply with the rule.
 - Test and implement technology changes
 - Develop and provide training for management and staff.
- Determine if your credit union is required to comply with the escrow requirements.
 - If the escrow requirements apply to your credit union, develop a plan to escrow flood insurance premiums and fees for designated loans secured by residential improved real estate or mobile homes that are made, increased, extended, or renewed on or after January 1, 2016.
 - Review the plan with executive management
 - Roll out changes in time to issue the new escrow accounts to borrowers.
- Identify third parties affected by the rule, including vendors and mortgage service providers.
 - Contact vendors to make sure they can implement the necessary changes and deliver relevant software on time, and address any questions about the new processes and who will perform which tasks; and
 - Plan how you will work with settlement service providers to ensure the accuracy of disclosures.

For additional information on the new rule, please see **Regulatory Alert 15-RA-05**. And, speaking of the Flood Insurance rules...

Regulators Schedule Flood Insurance Webinar: A one-hour webinar covering recent updates to flood insurance regulations will be

conducted by federal regulators on **Thursday, October 22, 2015, beginning at 12:30 p.m. EST**. Representatives from the FRB, FDIC, OCC, NCUA, and the Farm Credit Administration will discuss the regulatory updates and cover topics including:

- escrow of flood insurance premiums and fees,
- force-placed flood insurance, and
- the detached structures exemption.

Online registration is open. Registrants will receive a reply email with instructions for logging onto the webinar.

Fixed Assets Limit Removed

NCUA has been busy! In addition, NCUA has issued **Letter to Credit Unions 15-CU-06** to remind **federal credit unions that effective October 2, 2015, they no longer have to comply with a 5 percent limit on fixed assets.**

The NCUA Board's revised rule removes the 5 percent limit on fixed assets and removes the need for federal credit unions to apply for waivers if they plan to exceed the former limit.

Decisions to upgrade facilities, update technology, and purchase other fixed assets can now be made by each federal credit union's management team, under policies set by the board of directors.

NCUA examiners will no longer focus on fixed assets, unless any of the following conditions occur in a federally insured credit union:

- The credit union has an unresolved Document of Resolution item, enforcement action, or outstanding waiver concerning fixed assets;
- The credit union has weak earnings or other structural earnings weaknesses (such as high operating expenses);
- Fixed assets exceed 5 percent of assets; or
- The credit union has made a major acquisition of premises since the last exam or approved a plan to make a major acquisition of premises.

In these exceptional cases, NCUA examiners will focus on whether the credit union can afford the level of fixed assets in which it has invested.

An attached [Supervisory Letter](#) provides updated guidance to NCUA examiners on evaluating credit union investments in fixed assets. The guidance establishes a consistent framework for the examination and supervision process NCUA uses to review the risks associated with fixed assets.

In addition, the guidance provides information that will help credit unions prudently manage potential risks associated with fixed assets.

Online Mortgage Application

Question: A member has started to fill out a loan application and saves the partially filled out application, which happens to contain the six pieces of information that trigger the Loan Estimate. In this situation is the credit union required to provide a loan estimate within three business days, even though the member hasn't officially submitted the loan application?

Answer: The answer, according to [CUNA's Compliance Blog](#) is "no." The rule requires that the member "submit" the information to the credit union for the purpose of obtaining an extension of credit. The Consumer Financial Protection Bureau (CFPB) does not consider the information "submitted" to the credit union when the member fills out a mortgage application online and then saves the application to be completed at a later time.

This "submission" criteria also means that even though the credit union may have some of the required application information on file from a previous transaction, for example the social security number, until it is "submitted" by the member with the new application the Loan Estimate is not triggered.

Your CU Should Know...

CFPB Issues Mortgage Marketing Service Agreement Guidance: The

CFPB has issued [Compliance Bulletin 2015-5](#) to provide guidance to the mortgage industry regarding marketing services agreements. The bulletin offers an overview of the federal prohibition on mortgage kickbacks and referral fees, and describes examples from the Bureau's enforcement experience as well as the risks faced by lenders entering into these agreements.

Fannie and Freddie to Delay TRID Reviews: Government-sponsored enterprises Fannie Mae and Freddie Mac have sent advisories to mortgage lenders acknowledging that many continue to struggle with implementation of the technical requirements of the TRID Rule. For the present, the GSEs will not complete post-purchase loan file reviews for TRID compliance. They will look for evidence that lenders made a good faith effort to comply, at least insofar as the correct forms are used. A decision to begin technical reviews for compliance will be made after an unspecified transitional period.

[Fannie Mae advisory](#)

[Freddie Mac advisory](#)

FRB Announces Revised Exam Procedures: The FRB has issued [Consumer Affairs Letter CA 15-7](#) announcing the issuance by the FFIEC of [revised interagency examination procedures for Regulation P](#) (Privacy of Consumer Financial Information). Regulation P prohibits a financial institution from disclosing nonpublic personal information about consumers to nonaffiliated third parties, unless it satisfies various notice and opt-out requirements. Regulation P also requires a financial institution to provide notice of its privacy policies and practices to its customers.

Agencies Issue Joint Statement on Student Loan Servicing

Principles: The Treasury and Education Departments and the CFPB have issued a [Joint Statement of Principles on Student Loan Servicing](#) as a framework to improve student loan servicing practices, promote borrower success, and minimize defaults. The agencies have committed to working together so that all student loan borrowers have access to:

- the information they need to repay their loans responsibly and avoid default;
- protections so that they will be treated fairly even if they are struggling to repay their loans; and

- mechanisms so that errors are resolved expeditiously and assurances that student loan servicers, both in the marketplace and through federally-contracted companies, are held accountable for their conduct.

The agencies' goal is to strengthen servicing protections for student loan borrowers and ensure that servicing is consistent, accurate and actionable, accountable and transparent.

Bureau Blogs on TRID Rule: The CFPB has posted a new Bureau Blog article, "[Know Before You Owe: New Mortgage Disclosures, New Rule,](#)" expanding its marketing campaign to familiarize American consumers with the new disclosures and procedures affecting loans applied for beginning last Saturday, October 3, under the TILA and RESPA Integrated Disclosures ("TRID") Rule.

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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