



## InfoSight Highlight

### Does Your CU Offer Student Loans?

Student loans are on the Consumer Financial Protection Bureau's (CFPB) radar. Does your credit union offer student loans? If so, please check out the [Student Loan](#) topic in the Loans and Leasing Channel of InfoSight to make sure your credit union is in compliance with the rules governing student loans.

## Compliance News

### HMDA Report Due March 1

NCUA has issued **Regulatory Alert 15-RA-01** to remind credit unions located in metropolitan areas that engage in certain types of residential mortgage lending and that had assets exceeding \$43 million as of December 31, 2013, that they must file a report this year regarding mortgage loan applications received during 2014. The filing is part of the compliance with Regulation C, which implements HMDA.

### **Credit unions subject to HMDA requirements in calendar year 2014 must submit loan/application register (LAR) data to the Federal Reserve Board (FRB) by March 2, 2015.**

To determine if your credit union must submit HMDA data for 2014 activity, please review Regulatory Alert 14-RA-06, "[Home Mortgage Disclosure Act \(HMDA\) Data Collection Asset Threshold for Calendar Year 2014](#)" (January 2014).

Credit unions subject to HMDA requirements for 2014 activity must submit LAR data to the FRB processing center by **March 2, 2015**. Credit unions meeting the filing criteria for 2014 must comply even if they will no longer have to collect HMDA data during 2015.

The LAR requires data about the mortgage loan applications processed during the reporting year. Additional information about the LAR filing requirements is available on the [Federal Financial Institutions Examination Council \(FFIEC\) website](#).

Credit unions with 25 or fewer entries on their LAR may report and submit the data in paper form. However, credit unions with more than 25 entries on their LAR must submit their reports in an automated form



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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](#)

under one of the methods discussed on [NCUA's HMDA page](#) within the [FFIEC website](#).

FRB prefers receiving the LAR data through the "Submission via Web" option described in greater detail on the [FFIEC's Frequently Asked Questions webpage](#). The Submission via Web option is the most secure and efficient method because it offers a one-step submission process, where users receive confirmation that FRB successfully received the HMDA data. To submit via web, you must use the FFIEC software available through the [HMDA software download webpage](#).

Credit unions that do not use the "Submission via Web" option also have the option of submitting automated LAR data by e-mail to [hmdasub@frb.gov](mailto:hmdasub@frb.gov). This option requires proper encryption of the LAR data file using the FFIEC Data Entry Software encryption utility before transmission. The encryption process requires installation the [free Internet submission software on the FFIEC website](#). To ensure e-mail data can be successfully read by FRB, credit unions should use the edit check feature of the HMDA Data Entry Software prior to encrypting and submitting the transmission file.

The [HMDA Data Entry Software](#) (Version 2014) is also free on the FFIEC website. The software automates the filing of HMDA data and includes editing features to help you verify and analyze the accuracy of your data. You may submit the data file created using this software to FRB using "Submission via Web," encrypted for submission via Internet e-mail, or exported onto a diskette/CD-ROM for mailing. *Please note transmissions by methods other than "Submission via Web" or e-mail may be delayed due to FRB security protocols.*

Data is considered to be successfully received once FRB has uploaded your data onto its data processing system. When FRB has successfully uploaded your data, FRB will confirm receipt of the file by e-mailing an Edit Report listing potential data errors. **You should retain a dated copy of the Edit Report with your credit union's records.**

**If your credit union does *not* receive an Edit Report from FRB, it is *your* responsibility to follow up.**

NCUA expects every credit union required to report 2014 HMDA data to provide a readable transmission file to FRB by the March 2, 2015, deadline. After March 2, FRB will provide a list of delinquent filers to NCUA.

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

## Compliance Calendar

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)

May 25  
Memorial Day - Federal  
Holiday

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

## Compliance Training

**Credit unions appearing on FRB's delinquent filers list could become subject to civil money penalty assessments.**

For more information, please see [Reg Alert 15-RA-01](#).

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**Regulators Release New Appendix to Business Continuity Planning Booklet**

The FFIEC has issued a revised Business Continuity Planning Booklet (BCP Booklet), which is part of the FFIEC Information Technology Examination Handbook (IT Handbook). The update consists of the addition of a new appendix, entitled "Strengthening the Resilience of Outsourced Technology Services."

The appendix highlights that a financial institution's reliance on third-party service providers to perform or support critical operations does not relieve a financial institution of its responsibility to ensure that outsourced activities are conducted in a safe and sound manner. The release says that a financial institution should ensure that its third-party service providers do not negatively affect its ability to appropriately recover IT systems and return critical functions to normal operations in a timely manner. The appendix highlights and strengthens the BCP Booklet in four specific areas:

- Third-Party Management
- Third-Party Capacity
- Testing with Third-Party Technology Service Providers
- Cyber Resilience

Click [here](#) for Appendix J, and [here](#) for the IT Handbook.

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**NCUA to Host Fair Lending Webinar**

The NCUA will host a free webinar, "[Fair Lending and HMDA Compliance](#)," on **February 20, 2015, beginning at 2:00 p.m. EST**. Representatives of the NCUA Office of Consumer Protection will provide an overview of the agency's fair lending examination program. They will also outline best practices that can help credit unions of all asset sizes better comply with fair lending requirements. In addition,

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  
[Opportunities in the Underserved Market](#) - NCUA  
Webinar  
**2:00 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**

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

February 20, 2015  
[Fair Lending and HMDA](#)

webinar participants will have the opportunity to learn more about reporting requirements under HMDA, as well as the most common reporting errors made by credit unions.

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#### Direct Deposit of IRS Tax Refunds

It's that time of year again – tax refunds will be directly deposited into your members' accounts. This is a good time to review the [IRS' Frequently Asked Questions](#) addressing IRS tax refunds for “receiving depository financial institutions” (RDFI). [CUNA's Compliance Blog](#) previously posted a [sample of the FAQs](#), and here are a few more:

**Question: If the IRS discovers that a refund was misdirected or fraudulent, can the IRS require the RDFI to return the funds?**

**Answer:** No. The IRS may *request* the RDFI to return any funds available in the account, but the RDFI is not legally required to do so.

**Question: Is there an easier and more standard way for RDFIs to reject tax refunds based on mismatches between the account name payee information contained in the ACH Entry Detail Record?**

**Answer:** In January 2013 NACHA, The Electronic Payments Association, implemented an opt-in program at the request of the IRS and Treasury Fiscal Service to allow RDFIs to more easily, using a standard process, reject refunds if there was such a mismatch. Under the opt-in program, once the refund with a mismatch is identified by the program-participating RDFI, the payment is returned back to Treasury Fiscal Service which routes the payment back to the IRS. RDFIs seeking more information or which are interested in program participation should contact NACHA directly at 703-561- 1100 or by email at [info@nacha.org](mailto:info@nacha.org). Reference the “R17 IRS Returns Opt-In Program” in any communication with NACHA.

**Question: What actions should be taken if an RDFI is contacted about a claim of non-receipt of a tax refund?**

**Answer:** An RDFI may be contacted by Treasury Fiscal Service through receipt of a 150.1 or 150.2 Form, notifying the RDFI that one

[Compliance - NCUA webinar](#)  
**2:00 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 E - Webinar Series](#)  
**2:00 – 3:00 p.m. EST**

of its accountholders is claiming they did not receive their refund. If an RDFI receives a 150.2 Form, it is only responsible for contacting the accountholder and taking any necessary measures listed on the 150.2 Form. However if a 150.1 Form is received, an RDFI must respond to Treasury Fiscal Service within 3 business days of receipt. If the payment was misdirected to the wrong account and the funds are still available, the RDFI may be asked by Treasury Fiscal Service to return these funds to the IRS using the R06 (Request per ODFI's Request) Return Reason Code.

**Question: Is there a limit on the number of refund payments that can be made to the same account at the RDFI?**

**Answer:** As of January 2015, the IRS will limit the number of refunds electronically deposited into a single financial account or pre-paid card to three. The fourth and subsequent refunds automatically will convert to a paper refund check and be mailed to the taxpayer. (**Note:** This is the result of a recently posted [IRS procedure change](#). The IRS has not updated their FAQs yet, so you must refer to the IRS announcement for the latest information.)

**Question: Are IRS tax refunds subject to the Government's reclamation rules, similar to Federal benefit payments (e.g. Social Security benefits)?**

**Answer:** No. IRS refund payments sent electronically through the ACH network are not subject to reclamation. If an RDFI receives a tax refund for a deceased accountholder, it is not required to take any further action.

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Your CU Should Know...

**FDIC Letter Addresses 'Choke Point' Issues:** In the [October 6, 2014](#) edition of *InfoSight eNewsletter*, there was an article regarding 'Operation Choke Point.' In a move that American Banker said was being hailed as the beginning of the end for Operation Choke Point, the Federal Deposit Insurance Corp. (FDIC) issued a [Financial Institution](#)

April 1, 2015  
[New Accounts for the Frontline: Compliance Issues to Watch For](#) - Webinar  
**2:00 - 3:00 p.m. EST**

April 7, 2015  
[Regulation E for ACH Error Resolution - Which 60 Day Rule Will You Follow](#) - Webinar  
**2:00 - 3:00 p.m. EST**

April 9, 2015  
[Sharpening Your Skip Tracing Skills](#) - Webinar  
**12:00 - 1:30 p.m. EST**

April 12-17, 2015  
[CUNA Regulatory Compliance School](#)  
**Las Vegas, NV**

April 14, 2015  
[Collections & Bankruptcy Update](#)  
**Atlanta, Georgia**

April 23, 2015  
[The Redaction Trap - NPI Disclosure Penalties to Avoid](#) - Webinar  
**12:00 - 1:00 p.m. EST**

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



Letter meant to encourage institutions under its supervision "to serve their communities" and to assess risk of individual customer relationships rather than take a wholesale approach of declining to provide banking services to entire categories of customers.

In a release, the agency notes that it has reinforced its policies on managing customer relationships to FDIC examiners and other supervisory staff.

CUNA and GCUA are seeking similar guidance from NCUA for credit unions and for NCUA examiners.

The FDIC letter also says that a financial institution should assess its own ability to manage any customer risk. In a release, the agency notes that financial institutions that "properly manage customer relationships and effectively mitigate risks are neither prohibited nor discouraged from providing services to any category of customer accounts or individual customers operating in compliance with applicable laws."

"The FDIC is aware that some institutions may be hesitant to provide certain types of banking services due to concerns that they will be unable to comply with the associated requirements of the Bank Secrecy Act," the FDIC says. The agency also states that FDIC examiners must provide notice in writing for any case in which an institution is directed to exit a customer relationship.

**NCUA to Live Stream Board Meeting:** Open meetings of the NCUA Board will be available through online livestreaming. The first open meeting will be the February 19th meeting of the NCUA Board. Registration is required for credit unions interested in viewing the open Board meeting. For more information read NCUA's [news release](#).

**New 314(a) Fact Sheet Released:** FinCEN has issued new [314\(a\) Fact Sheet](#) about the information shared by financial institutions with law enforcement to help locate financial assets and recent transactions by subjects of criminal investigations.

**Banned Debt Collectors Hall of Shame Announced:** The FTC has [announced](#) the creation of a "[Hall of Shame](#)" list of abusive debt collectors who have been identified by the agency. The crime is second

only to identity theft in complaints received by the FTC. Since January 1, 2010, the FTC has sued over 180 companies and individuals who broke the law, banning 63 from the industry, and securing more than \$220 million in judgments.

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#### 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 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](mailto:selinag@gcua.org) by **March 9th**.



**Note:** Technical corrections to the CFPB's proposal on prepaid products have been posted in the *Federal Register*. None of the changes are substantive, most corrections pertain to fixing typos or links.

**Regarding RBC2:** To stay up-to-date on the latest information on NCUA's Risk Based Capital 2 proposal, please see CUNA's RBC2 Blog.

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.**

Bookmark InfoSight

No need to go through the Georgia Credit Union Affiliate's home page to access InfoSight. Simply add the following link to your

bookmarks: <http://ga.leagueinfosight.com/>.

**Need a BSA, ACH or Website review? Email [compliance@gcu.org](mailto:compliance@gcu.org).**