



InfoSight Highlight

FTC to Host Tax Identity Theft Awareness Week

The Federal Trade Commission (FTC) has announced a series of events for Tax Identity Theft Awareness Week, focusing on steering people to IdentityTheft.gov, the federal government's one-stop resource to help identity theft victims – including tax identity theft victims – fix the problems caused by identity theft. The week's events include (all times Eastern):

- Tuesday, January 26, 2:00 p.m.: the FTC and AARP's Fraud Watch Network and Tax Aide Program will co-host a webinar for consumers addressing how tax identity theft happens and what people should do if they become a victim.
- Wednesday, January 27, 11:00 a.m.: the FTC and the Department of Veterans Affairs (VA) will host a Twitter chat with information about tax identity theft for veterans, using the hashtag #VeteranIDTheft.
- Wednesday, January 27, 2:00 p.m.: the FTC, Treasury Inspector General for Tax Administration and the VA will host a webinar with information about tax identity theft for veterans.
- Thursday, January 28, 1:00 p.m.: the FTC and the IRS will co-host a webinar with information to assist victims of tax identity theft.
- Friday, January 29, 2:00 p.m.: the FTC and the Identity Theft Resource Center will co-host a Twitter chat about tax ID theft, using the hashtag #IDTheftChat.

For more information on identity theft see the [Identity Theft](#) topic in the Security channel on InfoSight.

Compliance News

Registering for Direct Connectivity to the MLA Database of Covered Borrowers

The Defense Manpower Data Center (DMDC) recently indicated that it is working to establish availability for the two methods (as described below) for identifying covered borrowers under the Military Lending Act (MLA) final rule. Any credit union that wishes to use the MLA Database/DMDC direct connection capability that DMDC is developing for the MLA Covered Borrower check should let DMDC know of their desire to participate by e-mailing the [MLA Help Desk](#).

GEORGIA CREDIT UNION

Affiliates

InfoSight
Compliance eNEWSLETTER

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Credit Union National Association

Compliance Calendar

February 15
Washington's
Birthday/President's Day -
Federal Holiday

March 13
Daylight Savings Time Begins

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

Compliance Training

January 26, 2016
[Grassroots Academy](#)
Atlanta, GA

January 26, 2016
[Managing Reports to the Board: Timing, Delivery, Options, Risks & Concerns -](#)

The number of connections DMDC can facilitate is limited and will likely be capped at some point.

The deadline to let DMDC know of your intent to use this service is February 1, 2016.

The Department of Defense's Military Lending Act final rule permits credit unions to use the existing method for conducting a "covered-borrower check," which involves the use of a covered borrower identification statement (on the application), as a safe harbor for compliance until October 3, 2016.

After October 3, 2016, credit unions can determine whether a borrower is a "covered borrower" by using one of the two safe harbor methods provided in the final rule. **First**, a credit union may verify a borrower's status on the DoD's database (available at <https://www.dmdc.osd.mil/mla/welcome.xhtml>), or **Second**, a credit union may use a consumer report obtained from a nationwide consumer reporting agency to determine whether a borrower is a "covered borrower."

For more details see CUNA's [MLA CompNotes](#) (September 2015).

Truncating SSNs and ITINs on IRS Forms

Question: Our credit union recalls there being a pilot program, and then a proposed rule, to allow for the truncation of SSN and ITINs on 1099 payee statements. Was that rule ever finalized?

Answer: According to [CUNA's Compliance Blog](#), the answer is "yes." In an effort to reduce the risk of identity theft, the IRS has been working for several years on finalizing regulations to allow the truncation of a person's nine-digit identifying number. The rule was finally issued in July 2014.

The rule permits filers of information returns to truncate a payee's SSN, ITIN, ATIN or EIN on most payee statements. This is allowed on both paper form and statements issued electronically. Generally, the payee statement is that copy of an information return designated "Copy B" on the form. If a filer truncates an identification number on Copy B, other

Webinar

3:00 – 4:30 p.m. EST

January 27, 2016

[Demystifying Rules for TRID](#)

[Tolerances - Webinar](#)

3:00 – 4:30 p.m. EST

January 28, 2016

[Completing the CTR Line-by-Line](#)

[- Webinar](#)

3:00 – 4:30 p.m. EST

February 3, 2016

[New Compliance Officer Boot](#)

[Camp - Webinar](#)

3:00 – 4:30 p.m. EST

February 4, 2016

[Dealing with ACH Tax](#)

[Refunds: Exceptions, Posting &](#)

[Liabilities - Webinar](#)

3:00 – 4:30 p.m. EST

February 9, 2016

[Handling Debit Card](#)

[Chargebacks - Webinar](#)

3:00 – 4:30 p.m. EST

February 11, 2016

[Avoiding Compliance](#)

[Violations in](#)

[Advertising - Webinar](#)

3:00 – 4:30 p.m. EST

February 16, 2016

[Telephone Consumer](#)

[Protection Act: What You Need](#)

[to Know About the New](#)

[Requirements - Webinar](#)

3:00 – 4:30 p.m. EST

February 17, 2016

[Overseeing Credit Union](#)

[Performance: the Role of](#)

copies of the form furnished to the payee may also include a truncated number.

You MAY NOT truncate a payee's identification number on any forms filed with the IRS. Furthermore, the credit union's identifying number may not be truncated on any form.

To truncate, the rule requires that the first five digits of the nine digit number be replaced with either asterisks (*) or Xs.

For more information see [Internal Revenue Bulletin 2014-31](#).

Are You Signed Up For NCUA Express?

Question: Several employees at our credit union are interested in receiving NCUA's communications as soon as they come out via email. Is that possible?

Answer: Yes! NCUA's Express system allows anyone interested in credit union issues to receive NCUA communications via e-mail. Within hours of publication, press releases, Letters to Credit Unions, Regulatory Alerts, and various other communications can be sent via e-mail. Subscribers will receive an e-mail message containing a brief description of the publication along with a link to download the publication from the www.ncua.gov web server. There is no cost for this service and it is available to anyone.

To subscribe or change selection options, click [here](#).

Report on Impact of Dodd Frank on Credit Unions and Community Banks

On December 30, 2015, GAO published its report reviewing financial services regulations. The Dodd Frank Act authorizes various federal agencies to issue rules to strengthen the financial services industry and a

Audit - Webinar
3:00 – 4:30 p.m. EST

February 21 – 25, 2016
CUNA Governmental Affairs Conference
Washington D.C.

February 23, 2016
Teller Development: Managing Dual Control & Cash Limits - Webinar
3:00 – 4:30 p.m. EST

February 24, 2016
Construction to Permanent Lending Compliance with CFPB Rules: Including TRID Changes - Webinar
3:00 – 4:30 p.m. EST

March 3, 2016
How to Complete & File UCC-1 Financing Statements- Webinar
3:00 – 4:30 p.m. EST

March 8, 2016
Credit Reporting Guidelines, Rules & Best Practices: FCRA & FACT Act -Webinar
3:00 – 4:30 p.m. EST

March 15, 2016
Auditing for TRID Compliance: Safe Harbor Expires February 1, 2016 - Webinar
3:00 – 4:30 p.m. EST

March 16, 2016
Flood Insurance Compliance Update & FAQs -Webinar
3:00 – 4:30 p.m. EST

provision in the Act authorizes GAO to annually study these regulations.

GAO reviewed Federal Register releases for 26 Dodd-Frank Act rules that became effective July 23, 2014-July 22, 2015 to determine if agencies conducted the required regulatory analyses and coordination. Separately, GAO examined nine Dodd-Frank Act rules that were effective as of October 2015 for their impact on community banks and credit unions. GAO chose these rules because regulators and others expected them to affect these institutions. GAO analyzed data on community banks and credit unions from 2010 to 2015, reviewed studies, and interviewed staff from federal financial agencies and market participants. Additionally, GAO developed indicators on the impact of systemic risk-related provisions and rules and conducted an economic analysis to assess the act's impact on large bank holding companies.

A key finding of the report was that credit unions and community banks cited an increase in compliance burden associated with these rules. This included increases in staff, training, and time allocation for regulatory compliance and updates to compliance systems. Some of these industry officials also reported a decline in specific business activities, such as loans that are not qualified mortgages, due to fear of litigation or not being able to sell those loans to secondary markets. The report also noted that the full impact of Dodd Frank remains uncertain since many of its rules have yet to be implemented and insufficient time has passed to fully evaluate the impact of other rules.

The full text of the report is available [here](#).

Your CU Should Know...

HMDA Resources: The CFPB has published several tools which will assist in complying with the future HMDA requirements. Although this may not apply until next year, these are excellent resources to have on hand. Among them:

March 22, 2016
[The CFPB's Four Ds of Fair Lending: Deceptive Marketing, Debt Traps, Dead Ends & Discrimination](#) -Webinar
3:00 – 4:30 p.m. EST

March 23, 2016
[Outsourcing Tech Services: Regulations, Examiner Expectations & Actions for Vendor Management](#) -Webinar
3:00 – 4:30 p.m. EST

March 30, 2016
[Your Member Has Filed Bankruptcy, Now What?](#) - Webinar
3:00 – 4:30 p.m. EST

March 31, 2016
[Developing Your Same-Day ACH Game Plan](#) -Webinar
3:00 – 4:30 p.m. EST

April 5, 2016
[New Federal Regulations Targeting Student Accounts, Including Debit & Prepaid Cards: Effective July 1, 2016](#) – Webinar
3:00 – 4:30 p.m. EST

April 6, 2016
[Managing IRA Beneficiary Designations & Distributions](#) – Webinar
3:00 – 4:30 p.m. EST

April 7, 2016
[Post EMV Card Liability Shift: Managing & Mitigating Card-Not-Present Fraud](#) - Webinar
3:00 – 4:30 p.m. EST

[HMDA key dates timeline](#) – One page overview of the effective dates for different elements of the rule.

[HMDA Compliance Guide](#) – A plain-language guide to the new rule which makes the content more accessible for industry constituents, especially smaller businesses with limited legal and compliance staff.

Next-Day ACH Rule FAQs: FedACH Services has posted a list of [frequently asked questions](#) (FAQs) on the upcoming **September 23, 2016**, NACHA Same Day ACH Rule change. The FAQ will be updated as additional information becomes available.

Information on the rule change from NACHA is [available here](#).

FinCEN Advisory on FATF AML/CFT Deficient Countries: The Financial Crimes Enforcement Network (FinCEN) has issued [Advisory FIN-2016-A001](#) to financial institutions regarding the Financial Action Task Force's (FATF) updated list of jurisdictions with strategic anti-money laundering/counter-terrorist financing (AML/CFT) deficiencies. These changes may affect U.S. financial institutions' obligations and risk-based approaches regarding relevant jurisdictions.

Treasury and NCUA Partner to Aid Low-Income

CUs: The [NCUA](#) and the [Treasury Department](#) have announced a memorandum of understanding that will streamline the application process for low-income credit unions to become certified as Community Development Financial Institutions. Credit unions that obtain CDFI certification can access training and competitive award programs provided by the CDFI Fund, and these resources can aid these institutions' capacity to provide underserved communities with access to safe and affordable financial services.

Comment Calls

The Holder Rule

As part of the Federal Trade Commission's (FTC) [systematic review of all current rules and guides](#), it is [seeking public comment](#) on the

April 12, 2016
[Completing the SAR Line-by-Line](#) - Webinar
3:00 – 4:30 p.m. EST

April 13, 2016
[Your Depositor Has Died: Actions to Take, Mistakes to Avoid](#) - Webinar
3:00 – 4:30 p.m. EST

April 19, 2016
[Effective Management of Credit Report Disputes](#) - Webinar
3:00 – 4:30 p.m. EST

April 20, 2016
[Troubled Debt Restructuring: Determination & Accounting](#) - Webinar
3:00 – 4:30 p.m. EST

April 26, 2016
[Regulator Expectations for Risk Assessment: Policies, Procedures & Steps in Obtaining Board Approval](#) - Webinar
3:00 – 4:30 p.m. EST

April 27, 2016
[Call Report Preparation: Avoiding Common Errors](#) - Webinar
3:00 – 4:30 p.m. EST

April 28, 2016
[ACH Rules Update 2016](#) - Webinar
3:00 – 4:30 p.m. EST

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

efficiency, costs, benefits, and impact of the Trade Regulation Rule Concerning Preservation of Consumers' Claims and Defenses (Holder Rule).

The Holder Rule preserves consumers' rights to assert the same legal claims and defenses against anyone who purchases a credit contract, as they would have against the seller who originally provided the credit. The effect of the language is to keep the consumer from losing his or her rights under the sales contract and under state law if the seller assigns or sells the contract to any other creditor such as a credit union or other financial institution. The Holder Rule does not, by itself, create a right for the consumer to withhold payment from the creditor. Whether the consumer has such a right to withhold any payment from a creditor is determined by state contract law. The Holder Rule preserves whatever rights the consumer may have, no matter who holds the contract.

The Holder Rule applies to sellers of goods, such as automobile dealers, who provide or arrange financing for their customers. Sellers are required to include a notice in their loan agreement or ensure that lenders they refer customers to include the notice in their loan agreement that preserves the consumer's claims and defenses against the seller of the goods. The Holder Rule does not directly create a duty by a financial institution to place the notice in a loan agreement unless a financial institution has a relationship with the seller or automobile dealer or unless the lender is selling the goods such as an automobile directly to the consumer. Credit unions who engage in indirect auto lending are most likely to be impacted by this rule, but it is also relevant in other consumer contracts.

The FTC is seeking feedback on potential modifications to the rule as outlined in the summary attached. GCUA is seeking feedback from credit unions about if they are impacted by outdated provisions in the Holder Rule, how the Holder Rule impacts operations, and what changes could be made to it to relieve regulatory burdens. Please send your feedback to Selina Gambrell at selinag@gcua.org by **February 1, 2016**.

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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Need a BSA, ACH or Website review?

Email compliance@gcu.org.