



InfoSight Highlight

Compliance Connection on YouTube

Great news! The compliance videos are now on YouTube and are found on the [Compliance Connection](#)!



If you would like to be automatically notified each time a new Compliance Connection video is added to the site, you will need a Google Account to sign into YouTube. A Google Account works across all Google products (e.g., Gmail, Blogger, Maps, YouTube, and [more](#)).

If you've signed into any of these products before, you already have a Google Account. To sign in, enter the email address you entered on those products (if you use Gmail, it's your Gmail username). If you don't have a Google Account, you can create one on YouTube.

Here are a few important things to remember about Google Accounts and YouTube:

- You sign into YouTube with your Google Account. To sign into YouTube, enter your Google Account email and password. After signing up for YouTube, if you sign in to your Google Account on another Google service, you'll be automatically signed in when you visit YouTube.
- Deleting your Google Account will delete your YouTube data, including all videos, comments, and subscriptions. Before you can delete your Google Account, you will have to confirm that you understand that you're permanently deleting your data on all Google services, including YouTube.

We hope you will find the new location of the Compliance Connection videos helpful!

Compliance News

"Military Lending Act Does Not Apply to Our Credit Union" - Think Again!

If you are under the impression the Military Lending Act has no impact to your credit union just because MAPR calculations show none of your loans breach the 36% MAPR threshold - Please take another look at this rule! The 36% MAPR cap is a condition of a covered transaction, not a trigger for coverage itself.

First of all, answer these two questions: Do you offer non-mortgage related credit products primarily for personal, family, or household purposes, and that is subject to a finance charge or payable by a written agreement in more than four installments? Do you have members at your credit union that are considered covered borrowers under the MLA? If so, there will definitely be an impact to your forms, agreements, loan origination process and how/when information is presented to covered borrowers.



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Compliance eNEWSLETTER
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Credit Union National Association

Compliance Video

CU Compliance Connection

Military Lending and 3rd Quarter 2016 Review

This video provides an overview of the key changes made to the Military Lending Act that credit unions need to consider. View the video [here](#).

Be sure to view this [video](#), where Glory LeDu, Manager of League System Relations, provides an overview of the compliance challenges your credit union is facing now in the 3rd quarter of 2016.

Compliance Video: Same Day ACH Preview

In this video, Amy Smith, VP and Executive Director of The Clearing House Payments Authority, provides background information on the current batch-and-forward ACH payment system and introduces the "Phased Approach" of the Same Day ACH program, which will begin in September of 2016. You will want to pay special attention to Amy's suggestion to review current ACH files you may be transmitting. View the video [here](#).

Loans affected include: Installment loans and small dollar loans, including NCUA PAL loans originated by Federal credit unions; certain overdraft programs and credit cards (compliance not due on credit cards until October 2017). Loans expressly for the purchase of vehicles or personal property where the property being purchased secures the loan are not included BUT loans to refinance vehicles or personal property are. . . confused? Join the party! After determining if your loan offerings fall into any of the categories mentioned you then need to review loan forms and disclosures to make certain they meet the requirements of the rule. Turn to your forms vendor and see what direction they are taking. Some are adding an addendum and others are providing a whole new set of forms/disclosures just for MLA covered borrowers.

While you wait to hear from your forms vendor also be taking a look at how you will determine who is a covered borrower. Coverage is determined by taking a look at the borrower - are they a member of the armed forces on active duty, or active guard or reserve duty. It also applies to the dependents of covered borrowers. Will you look to the [DMDC database](#) or turn to a credit reporting agency for determination? There are other nuances beyond this so please read the rule.

In addition to the 36% MAPR cap, there are other MLA requirements that your credit union must adhere to if extending a covered transaction to a covered borrower. These include additional written and oral disclosure requirements and product limitations, regardless of the MAPR associated with the loan.

As you can see, while the 36% MAPR may not be an issue, there are other requirements under the MLA that the CU needs to be in compliance with.

Finally, in the Final Rule there are penalties associated with non-compliance. These include: voiding of the underlying contractual obligation, actual damages, with a \$500 minimum per violation; "appropriate" punitive damages; "appropriate" equitable or declaratory relief; and liability for the costs of the action, including attorneys' fees.

Turn to the following for information:

NCUA Letter to Credit Unions [15-RA-04](#). This is a great place to start if you are taking a look for the first time.

If you are a compliance junky and prefer all the details, visit the [Federal Register](#) for the full MLA. This is a good read if you want to see what the thinking is behind pieces and parts of the rule. It will not help you implement since this is a very difficult rule operationally but may help clarify their intent in your mind.

Go [here](#) for the DoD's interpretations document, issued 8/26/16, in FAQ format. If you haven't even considered the MAPR calculations yet, turn to CUNA's calculation tool - see very next article!!

CUNA's MAPR Calculators for Open-end and Closed-end Loans

CUNA has partnered with KJE Computer Solutions, LLC. to create two MAPR loan calculators - one for closed-end loans and one for open-end loans that are subject to the Military Lending Act regulations.

These calculators will permit a credit union to make a manual determination of the MAPR and will indicate when a combination of interest, fees and charges exceed 36%.

Compliance Calendar

October 24, 2016:
[5300 Call Report Due to NCUA](#)

November 6, 2016:
Daylight Saving Time Ends

November 11, 2016:
Veterans' Day - Federal Holiday

November 24, 2016:
Thanksgiving Day - Federal Holiday

December 1, 2016:
Overtime Rule - Department of Labor

December 25, 2016:
Christmas Day - Federal Holiday

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

Compliance Training

October 11, 2016
[HMDA Roadmap Part 2: Operations Systems, Audit & Reporting Implications](#)
Webinar
3:00 - 4:30 ET

October 12, 2016
[Frontline Series: Skills & Tools for Improving Teller Performance](#)
Webinar
3:00 - 4:30 ET

October 13, 2016
[Proper Repossession, Notice & Sale of Non-Real Estate Collateral](#)
Webinar
3:00 - 4:30 ET

October 17, 2016
[Countdown to the New Overtime Rules: How to Bring Your Credit Union into Compliance by the December 1, 2016 Deadline](#)
Webinar
3:00 - 4:30 ET

October 18, 2016
[Liquidity Funding Concerns in a Rising Interest Rate Market](#)

To improve ease of access, these calculators will be maintained in the following locations on CUNA's website:

- Under the Resources tab for the Military Lending Act topic in CUNA's eGuide - click [here](#),
- In the Resources listing from the Compliance dropdown box on CUNA's Home page - click [here](#), and
- In CUNA's Compliance Community under, in the Compliance Resources dropdown box - click [here](#).

These calculators must be maintained on CUNA's website and may not be downloaded for use on any other website without permission of CUNA or permission of KJE Computer Solutions, LLC.

A credit union should contact KJE Computer Solutions, LLC. If it is interested in maintaining MAPR calculators on its website that could be used to interface with its core processor or statement provider.

Details Concerning the MAPR: The DoD's Military Lending Act rule prohibits a credit union from imposing a MAPR greater than 36 percent in connection with a loan made to a covered borrower.

For closed-end loans the MAPR is calculated only one time - at or before loan consummation. For open-end loans the MAPR is calculated during each billing cycle.

If the MAPR exceeds 36%, a credit union would be expected to waive a sufficient amount of interest, fees, premiums, or charges to reduce the MAPR to 36% or below.

The numerical value of the MAPR is not required to be disclosed to the covered borrower.

The MAPR is the cost of credit expressed as an annual percentage rate. The MAPR includes interest, other finance charges, premiums or fees for credit insurance, charges for single premium credit insurance, fees for a debt collection contract, or any fee for a debt suspension agreement, any fee for a credit-related ancillary product sold in connection with the loan, any fee imposed for participation in any plan, and any application fee charged to a covered borrower who applies for a consumer loan.

The MLA rule excludes an application fee charged by a Federal Credit Union, or an insured depository institution, when making a short-term, small amount closed-end loan that is subject to and made in accordance with a Federal law. However, the application fee may only be excluded once in any rolling 12-month period. Therefore, an application fee charged to a covered borrower who applies for a second short-term small amount loan within 12-months of the first loan, may not be excluded from the MAPR calculation.

Exam Approach to the Military Lending Act

NCUA issued Letter to Credit Unions 16-CU-07 to inform credit unions of expectations surrounding MLA compliance. NCUA examiners are instructed to accept a credit union's reasonable and good faith efforts to comply with the new rule during the first examination following the implementation date. NCUA recognizes that some credit unions may need time to implement changes and work with their technology vendors to resolve problems that may arise from

Webinar
3:00 - 4:30 ET

October 19, 2016
[Understanding Title Insurance Policies, Commitments & ALTA Endorsements](#)
Webinar
3:00 - 4:30 ET

October 20, 2016
[Conducting the 2016 ACH Audit](#)
Webinar
3:00 - 4:30 ET

October 24, 2016
[New CFPB Amended Rules for Mortgage Foreclosure & Bankruptcy Protections: Preparing Now for the 2017 Effective Date](#)
Webinar
3:00 - 4:30 ET

November 2, 2016
[Notary Essentials & Legalities for Credit Unions](#)
Webinar
3:00 - 4:30 ET

November 3, 2016
[Cyber Series: Member Authentication & Validation: The New Normal in Risk Mitigation](#)
Webinar
3:00 - 4:30 ET

November 9, 2016
[Form 1099 Reporting: Third-Party Vendors, Foreclosures, Debt Forgiveness & More](#)
Webinar
3:00 - 4:30 ET

November 10, 2016
[Audit Compliance Series: Developing a Risk-Based Compliance Audit Process for Deposits](#)
Webinar
3:00 - 4:30 ET

November 14, 2016
[Nonresident Alien Accounts: W-8s, W-8BENs, BSA, Rules & More](#)
Webinar
3:00 - 4:30 ET

November 15, 2016
[Recognizing & Responding to](#)

extensive testing and use, once their new MLA systems become fully operational. However, credit unions should understand that NCUA's acceptance of good faith efforts for supervision purposes does not shield a credit union from the third-party liability that can arise under the MLA. Your principal and most immediate goal should be to ensure servicemembers and other covered borrowers are receiving the consumer protections the MLA provides.

During the first examination that occurs after October 3, 2016, NCUA field staff will focus on:

- Ensuring that a credit union is aware of amendments to the rule and determining the applicability of the amendments;
- Ensuring that a credit union is making progress in complying with the rule, if applicable; and
- Assessing the quality of a credit union's compliance risk management systems and its policies and procedures for implementing the program.

View the Letter to Credit Unions [here](#).

Your CU Should Know...

October Is Cybersecurity Awareness Month

Launched in 2004, [National Cybersecurity Awareness Month](#) is an initiative sponsored by Department of Homeland Security in cooperation with the [National Cyber Security Alliance](#) and the [Multi-State Information Sharing and Analysis Center](#). The goal is to raise awareness about cybersecurity and increase the resiliency of the nation's cyber-infrastructure.

In keeping with this month's theme, NCUA [announced recently](#) that it was "stepping up" its cybersecurity efforts:

"NCUA has made cybersecurity a top supervisory priority for years, and we're working to update our exam procedures to help credit unions do a better job of detecting and preventing cyberattacks," said NCUA Board Chairman Rick Metsger in an October 3rd press release. "We encourage credit unions to use the [online cybersecurity assessment tool](#) to help them analyze risk," he added.

NCUA plans to increase its emphasis on cybersecurity with planned enhancements to its examination process, which the agency expects to have in place in late 2017.

During National Cybersecurity Awareness Month, NCUA will also be posting tips and best practices on Facebook and Twitter to help credit unions and members keep their information secure.

Click [here](#) for the press release.

Extended Exam Cycle Could Begin in 2017

Well-managed, low-risk federal credit unions with assets of less than \$1 billion could move to an extended examination cycle beginning next year, pending approval by the NCUA Board.

The extended exam cycle is one of 10 recommendations the agency's Exam Flexibility Initiative working group included in a report now available [online](#). A comprehensive list of frequently asked questions and a summary of stakeholder comments are also available on the [Exam Flexibility Initiative's webpage](#).

"NCUA is committed to improving operations, responding to change, and

[Elder Fraud: What Every Staff Member Should Know](#)

Webinar

3:00 - 4:30 ET

November 16, 2016

[Quarterly Supervisory Committee](#)

[Series: What the Board Needs to Know to Manage IT](#)

Webinar

3:00 - 4:30 ET

November 17, 2016

[Handling ACH Exceptions & Returns: Unauthorized, Revoked, or Stop Payment?](#)

Webinar

3:00 - 4:30 ET

November 22, 2016

[Trust Accounts: Opening, Transacting, Deposit Insurance & More](#)

Webinar

3:00 - 4:30 ET

November 29, 2016

[Top 10 IRA Issues: Compliance, Reporting, Death & Distributions](#)

Webinar

3:00 - 4:30 ET

November 30, 2016:

[Annual Robbery Training for All Staff](#)

Webinar

3:00 - 4:30 ET

December 1, 2016:

[Meaningful & Strategic Stress Testing: A Valuable Board & Management Tool](#)

Webinar

3:00 - 4:30 ET

December 6, 2016

[Cyber Series: Requirements for Tech-Based Marketing: Websites, Social Media, Robo Calls & More](#)

Webinar

3:00 - 4:30 ET

December 13, 2016

[Loan Review: Consumer, Commercial & Real Estate](#)

Webinar

3:00 - 4:30 ET

finding ways to meet the needs of the credit unions we regulate while protecting the members whose money we insure," NCUA Board Chairman Rick Metsger said. "We want to be more efficient and more effective while always putting safety and soundness first. We launched this initiative last May as part of the continual quality improvement program, and the working group has been diligent about gathering information and suggestions from credit union stakeholders throughout the process. I am looking forward to discussing the working group's recommendations at our next Board meeting."

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

Bureau Issues Final Prepaid Account Rule

Almost two years after its November 13, 2014 proposal, the Consumer Financial Protection Bureau announced late last week a finalized rule amending Regulations E and Z to provide federal consumer protections for prepaid account users. The new rule requires financial institutions to limit consumers' losses when funds are stolen or cards are lost, investigate and resolve errors, and give consumers free and easy access to account information. The Bureau also finalized new "Know Before You Owe" disclosures for prepaid accounts to give consumers clear, upfront information about fees and other key details. Finally, prepaid companies must now generally offer protections similar to those for credit cards if consumers are allowed to use credit on their accounts to pay for transactions that they lack the money to cover.

The rule covers traditional prepaid cards, including general purpose reloadable cards. It also applies to mobile wallets, person-to-person payment products, and other electronic prepaid accounts that can store funds. Other prepaid accounts covered by the new rule include: payroll cards; student financial aid disbursement cards; tax refund cards; and certain federal, state, and local government benefit cards such as those used to distribute unemployment insurance and child support. New protections for these cards under the Electronic Fund Transfer Act and Regulation E include requirements for statements or free and multi-channel access to account information, error resolution rights, and protections for lost cards and unauthorized transactions. New upfront disclosures will use standard formats for both short-form and long-form versions, and card agreements will be publicly available on issuers' websites and, in the future, on a CFPB site.

Credit protections similar to those provided for credit card accounts will apply when consumers have access to credit products via their prepaid accounts, including ability to pay requirements, monthly billing statements, at least 21 days from billing to payment due dates, and limited fee and interest charges. Credit features cannot be made available via a prepaid account until 30 days after a consumer registers the account, and prepaid companies cannot automatically grab a credit repayment when a prepaid account is next reloaded with funds, and can't automatically take funds from a prepaid account balance when a credit payment is due without consumer consent.

The new rule will be effective October 1, 2017.

The CFPB's Final Rule [1,689 page PDF]

Sample disclosures under the new rule

Link to the Bureau's new Prepaid Accounts page, with links to resources, model forms, etc.

The CFPB Prepaid Accounts implementation page

Bureau YouTube video with highlights of the rule

314(a) Q&A:

Question: How do we change our 314(a) Point of Contact?

Answer: All changes must be made in the online credit union profile in NCUA's CU Online system by updating the Patriot Act contact on the Contacts Tab. Credit unions can access CU Online at cuonline.ncua.gov.

The following items must be provided to update or add your financial institution's POC information: financial institution name and charter number or other identifier; point of contact name and title, mailing (street number, P.O. Box, city, state and zip code) and e-mail addresses; and telephone and facsimile numbers.

See FinCEN [guidance](#).

OFAC Removals and Changes

The Office of Foreign Assets Control has posted a [Specially Designated National \(SDN\) List Update](#) removing several Zimbabwe-related listings. The Update also included changes to one Zimbabwe-related, and two Kingpin Act-related, listings.

Settlement Administrator to Contact Provident Borrowers

The CFPB has [posted an article](#) with information for eligible borrowers who were overcharged by Provident Funding Associates. As part of a settlement agreement with the CFPB and the Department of Justice, Provident Funding Associates, L.P. agreed to pay \$9 million in relief to minority borrowers whom Provident overcharged between 2006 and 2011. Over the next few days, African-American and Hispanic borrowers harmed by these actions will receive packets with instructions on how to participate in the settlement.

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 Affiliates 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.