



InfoSight Highlight

SAFE Act - Registration of Mortgage Loan Originators (Regulation G)

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires residential mortgage loan originators who are employees of agency-regulated institutions to be registered with the Nationwide Mortgage Licensing System and Registry (Registry). As part of this registration process, residential mortgage loan originators must furnish to the registry information and fingerprints for background checks. The SAFE Act generally prohibits employees of agency-regulated institutions from originating residential mortgage loans unless they register with the registry.

The National Credit Union Administration (NCUA), along with the other federal financial institution regulators and the Farm Credit Administration (the Agencies), issued final rules requiring residential mortgage loan originators who are employees of financial institutions, Farm Credit System institutions, and certain of their subsidiaries (agency-regulated institutions) to meet the registration requirements of the SAFE Act.

Those not regulated by an Agency must be licensed and registered under State law (i.e., CUSOs and their employees). Employees who originate residential mortgage loans for the CUSO and the credit union are subject to both the State licensing system and the requirement under these final rules.

For additional information, click [here](#) for the topic.

Review the information today to help your credit union remain in compliance.

Compliance News

Is Your Staff Prepared for A Robbery?

While robberies occur throughout the year, it seems that we hear about more of them during the holiday season. One of the downsides to the holiday season is that some people can become desperate for money at Christmas. Unfortunately, sometimes this desperation leads to a robbery. **Now is a good time to review your credit union's robbery procedures and response checklist.** By doing so, you can ensure that your credit union's staff is prepared in the unfortunate event that a robbery occurs. Consider the following checklist:

1. Has the information in your robbery training changed over the years as the nature of robberies has changed?
2. Upon completing robbery training, will your front-line people know what to expect in a robbery situation? Will they know how to minimize danger to themselves and others? Will they know how to operate alarms, cameras and bait money? Will they know proper robbery response procedures?
3. Does your training include "awareness training" which teaches employees to be security conscious at all times? Are employees trained to avoid complacent behavior and routines (i.e. driving the same route to work everyday, never changing the "all clear" signal used to open the office)?

GEORGIA CREDIT UNION

Affiliates

InfoSight
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Vol. 10, Issue 47

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Credit Union National Association

Compliance Video

Military Lending and 3rd Quarter 2016 Review

In this [newly released video](#), Glory LeDu reminds us of the regulatory changes that became effective in the 3rd quarter of 2016 and provides an overview of those that are coming up in the 4th quarter, including FinCEN Member Due Diligence, NACHA Same Day ACH rules as well as the Military Lending Act and the Overtime Rule from the Department of Labor.

Member Business Lending

This [new video](#) provides the details you will need to know to comply with the NCUA's Member Business Lending rules.

Compliance Calendar

November 24, 2016:

Thanksgiving Day - Federal Holiday

December 1, 2016:

Overtime Rule - Department of Labor

December 26, 2016:

Christmas Day (observed) - Federal Holiday

4. Do two people always open and close the office? Do they follow the security procedures? Are the procedures strictly enforced?
5. How often is robbery and security training provided? Are all new hires trained immediately?
6. Do you maintain a training log to document which employees are present at each training session?
7. Do tellers have properly logged bait money? Are teller cash limits strictly enforced?
8. Do you have proper tools such as height markers, procedure cards and security packs to deal with a post-robbery situation?
9. Do you have an alarm response understanding with your local law enforcement agency?
10. Do you have a spokesperson to handle media and talking points of what to discuss following a robbery?
11. Do you have an assistance program available to employees and members that have been involved in a robbery?

One additional thing to consider is the picture clarity from your video surveillance equipment. Many times law enforcement is unable to use the pictures produced from the video because of the low quality of the picture. Consider semiannual checks to solve this problem. The time and money spent on picture production (and camera adjustments) may pay off in the long run by helping to catch the robber.

In thinking about robbery scenarios, did you catch the September 2015 issue of *The NCUA Report*? It featured an article on "[Preparing for an Active Shooter Situation.](#)" Unfortunately, active shooter situations have become more prevalent over the recent years. While these events are still rare, the article states credit unions may want to consider preparing for an active shooter situation at or near their credit union. Credit unions should note that this article does not impose any new regulatory requirements and whether to implement such training is a business decision for the credit union. If the credit union is interested in conducting active shooter training, the article offers a three-step model to help train employees: run, hide, or fight.

The article also highlights two training resources that are available to the credit union at no cost. First, the article highlights a [training video](#) produced and published by the Federal Bureau of Investigation. The introduction to the video is slightly graphic, no more than a typical action movie, but the video demonstrates the run, hide, or fight model in action. Second, FEMA has an [interactive web based course](#) on active shooters. The course also has a final exam, which may be helpful for credit unions that are interested in have a self-paced active shooter training program. FEMA's course is one hour long, but is very helpful for credit unions who wish to offer this type of training to their employees at no cost.

Field of Membership

On 10-26-16, the NCUA Board issued its final rule modernizing the existing chartering and field of membership manual. Many of the changes were adopted as proposed, however, the Board chose to defer action on two items until a later date (to be determined). The changes in the final rule will go into effect 60 days from the date the rule is published in the *Federal Register*. For a breakdown of what's included in (and excluded from) the final field of membership rule released earlier, read on:

Community Common Bond

January 1, 2017:

Member Business Loans;
Commercial Lending (NCUA) -
Effective date

January 1, 2017:

HMDA - Regulation C, excludes
low volume depository institutions
from coverage -
Effective date

January 2, 2017:

New Year's Day (observed) -
Federal Holiday

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

Compliance Training

November 22, 2016

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

3:00 - 4:30 ET

Webinar

November 29, 2016

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

3:00 - 4:30 ET

Webinar

November 30, 2016:

[Annual Robbery Training for All
Staff](#)

3:00 - 4:30 ET

Webinar

December 1, 2016:

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

3:00 - 4:30 ET

Webinar

December 6, 2016

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

3:00 - 4:30 ET

Webinar

December 13, 2016

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

- **"Core Area" Service Requirement:** Federal credit unions are not required to serve the core area if electing to serve a portion of the core-based statistical area (CBSA) - if converting to or expanding an existing community charter. NCUA will review annually the credit union's business/marketing plan to ensure fair and adequate service of the entire requested area.
- **Population Limit as Applied to a Portion of a "Core Based Statistical Area":** The 2.5 million population limit applies to any portion of the CBSA regardless of the total population of the core-based statistical area.
- **"Combined Statistical Area" of a Well-Defined Local Community:** Federal credit unions will be able to apply to serve a CBSA (or a portion of the CBSA) subject to a population cap of 2.5 million. In case you're wondering, there are 174 CBSAs.
- **Addition of an Adjacent Area to a Well-Defined Local Community:** Federal credit unions can apply and submit a narrative to add an adjacent area to a CBSA. NCUA's Office of Consumer Financial Protection and Access (OCFPA) will issue guidance detailing the criteria for the narrative. If you're wondering, the NCUA's Office of Consumer Protection was changed to the Office of Consumer Financial Protection and Access (the agency approved the name change recently).
- **Individual Congressional District as a Well-Defined Local Community:** The NCUA Board deferred action on this item until a later date - so the final rule does not designate an individual Congressional district as a "presumptive community."

Rural District Definition

- **Population Limit:** The population limit is increased to 1 million therefore allowing federal credit unions to serve a rural district of up to 1 million persons, regardless of the state in which the majority of the rural district's population is located.
- **Multi-State Expansion Limit:** Federal credit unions may only serve a rural district in the states that immediately border the state containing the federal credit union's headquarters or main office.

Holiday Hours - Is There a Limit?

Q: Staff members often debate whether the credit union can close for more than three consecutive days during the holiday season. Is there any federal regulation limiting the number of consecutive days a credit union can remain closed?

A: No. No federal law or regulation prevents a federal credit union from being closed for more than three consecutive days. However, some states have laws dealing with "emergency closings," closing days, or holiday closings, and may limit state-chartered institutions from closing for more than three consecutive days.

There are several things to keep in mind if you're planning a longer than usual closure during the holidays. From a safety and soundness perspective, federal regulators prefer that federal credit unions and national banks stay open for business long enough to provide sufficient service to members and customers, and to remain competitive with other local financial institutions.

Additionally, when these financial institutions are closed on days other than weekends or national holidays, they must consider the impact of other laws, such as the Uniform Commercial Code, state and federal labor laws, and

3:00 - 4:30 ET

Webinar

December 14, 2016

Director Series: Essential Compliance Training for the Board & Senior Management

3:00 - 4:30 ET

Webinar

December 15, 2016

Frontline Series: Powers-of-Attorney In-Depth: Good Faith, Fraud & Fiduciary Capacity

3:00 - 4:30 ET

Webinar

December 20, 2016

Disaster Preparedness, Recovery & Business Continuity

3:00 - 4:30 ET

Webinar

December 21, 2016

Emerging Need & Regulatory Expectations for Enterprise Risk Management Framework

3:00 - 4:30 ET

Webinar

January 4, 2017

Top 10 HMDA Issues for 2016 Reporting: Checkup for March 1st Submission

3:00 - 4:30 ET

Webinar

January 5, 2017

Cross Selling Products & Services: Compliance with TCPA & FCRA

3:00 - 4:30 ET

Webinar

January 9, 2017

ADA Website Compliance Requirements & Common Errors

3:00 - 4:30 ET

Webinar

January 10, 2017

Director Series: Credit Union Success Guide: Best Steps for Success in a Difficult Environment

3:00 - 4:30 ET

Webinar

January 11, 2017

Asset-Liability Management

access to the Federal Reserve Banks. When closed for a national holiday, the entire staff can be off.

However, when closed on a day that isn't a national holiday, at least some employees in back-office departments should be working to clear checks before the midnight deadline, deal with wire transfers, release funds availability holds on deposits, post Same Day ACH and perform other required functions.

For state-chartered credit unions, the Department of Banking & Finance would prefer to be notified when there is a change that represents a departure from a state-chartered credit union's normal schedule. GA Code Section 7-1-110 states that a credit union "shall post a notice of the change and the effective date thereof in a conspicuous place at each location affected by the change at least 30 days preceding the date of the change." (For more on emergency closings, please see our "[Inclement Weather](#)" article.)

Back-To-Basics: NCUA's BSA Requirements We spend a lot of time focusing on FinCEN's Bank Secrecy Act (BSA) regulations, but it's important to remember that NCUA has BSA requirements, as well. NCUA's rule 748 requires federally insured credit unions to establish a BSA compliance program.

At a minimum your BSA Compliance program must provide for:

1. A designated BSA compliance officer who has been appointed by the credit union's board of directors;
2. A system of internal controls to ensure ongoing compliance;
3. Independent testing to be conducted by qualified, unbiased credit union personnel or outside parties; and
4. Training for appropriate personnel.

NCUA requires credit unions' compliance programs to be:

- in writing,
- approved by the credit union's board of directors, and
- reflected in the minutes of the credit union's meeting.

BSA Compliance Officer: The credit union's board of directors must designate a qualified BSA officer. "Qualified" means the BSA officer is expected to be fully knowledgeable of the Bank Secrecy Act and all related regulations, as well as understand the credit union's products, services, members, geographic locations and the money laundering and terrorist financing risks associated with each of those activities.

The BSA compliance officer should be in a position to regularly apprise the senior management staff and the board of directors of ongoing compliance with the BSA.

While the BSA officer is responsible for coordinating and monitoring day-to-day BSA compliance, the board of directors is ultimately responsible for the credit union's compliance and is responsible for ensuring that the BSA compliance officer has sufficient authority and resources to effectively administer the compliance program.

Internal Controls: A system of internal controls refers to the policies and procedures the credit union puts in place to limit and control risks associated with BSA. The level of sophistication of your internal controls will be commensurate with the size, structure, risks and complexity of your credit

Overview

3:00 - 4:30 ET

Webinar

January 12, 2017

Account Documentation Series:
Compliance & Due Diligence at
Account Opening

3:00 - 4:30 ET

Webinar

January 17, 2017

Loan Underwriting Basics:
Interviewing, Credit Reports, Debt
Ratios & Regulation B

3:00 - 4:30 ET

Webinar

January 18, 2017

Identifying Fraudulent
Transactions: Including Recent
FinCEN Advisory on Email Fraud
Schemes

3:00 - 4:30 ET

Webinar

January 19, 2017

ACH Specialist Series: Direct
Deposit Tax Refunds: Posting &
Exceptions

3:00 - 4:30 ET

Webinar

**BSA Training Opportunities
through GCUA**

[Click here for details](#)

union. A large, complex credit union is more likely to have departmental internal controls that will uniquely address the risks to a particular department or line of business.

The following are examples of some of the items that may be included in your internal control procedures:

- Identify your credit union's products, services, members, and branches that you consider more vulnerable to abuse by money launderers or other criminals, and provide a program to manage the higher risk;
- Inform the board of directors and senior management of your compliance initiatives, identify compliance deficiencies, corrective actions taken, and notify the board and the senior management of SARs that have been filed;
- Provide for program continuity despite changes in management or employees;
- Meet all of the BSA recordkeeping and reporting requirements;
- Implement risk-based Member Due Diligence policies & procedures;
- Identify reportable transactions and accurately file all required reports, such as SARs, and CTRs;
- Provide for the segregation of duties where you can;
- Provide for sufficient controls and monitoring systems for timely detection and reporting of suspicious activity;
- Include adequate supervision of employees who handle currency, complete reports, grant exemptions, etc.;
- Train all employees to be aware of their specific responsibilities under BSA.

Independent Testing: It is recommended that an audit of the BSA compliance program be conducted by the internal audit department, outside auditors, consultants, or other qualified independent parties. "Qualified" means someone who understands the requirements of BSA. Credit unions that do not have any of these options available to them may comply with this requirement by using qualified credit union staff who are not involved in the function being tested, or audited. The persons conducting the test should report directly to the board of directors or to a designated board committee comprised primarily or completely of outside directors.

Training. At a minimum, the credit union's BSA training program must provide training for all personnel whose duties require knowledge of the BSA. The training should be tailored to the person's specific responsibilities. An overview of the BSA requirements typically should be given to new staff during employee orientation. And, the BSA compliance officer should receive periodic training that is relevant and appropriate to the activities and overall BSA risk of the credit union.

While the board of directors may not need the same degree of training as credit union personnel, they need to understand the importance of BSA regulatory requirements, the ramifications of noncompliance, and the risks posed to the credit union. Without a general understanding of the BSA, the board of directors cannot adequately provide BSA oversight, approve policies, or provide necessary resources.

For more information see [CUNA's BSA Examination Manual](#) in the compliance eGuide for Federal Laws and Regulations.

Your CU Should Know...

HUD Discrimination Actions in Multiple States

The U.S. Department of Housing and Urban Development (HUD) has charged housing providers in Georgia, Louisiana, and New Hampshire with violating the Fair Housing Act by discriminating against families with children. HUD has also announced charges against landlords in South Florida alleging discrimination against tenants with disabilities and separate agreements with landlords in Nevada and Massachusetts resolving similar charges.

FTC Files Against Prepaid Card Company

The Federal Trade Commission has filed a complaint in federal court charging that, in numerous instances, prepaid card company NetSpend Corporation (NetSpend) deceived consumers, many of whom do not have bank accounts, about access to funds deposited on defendants' debit cards. According to the complaint, NetSpend tells consumers that its reloadable prepaid debit cards offer an alternative way to store and immediately access their funds. But once people have loaded funds onto the cards, many of them find they cannot access their money, either because NetSpend denies or delays activation of the card, or because it blocks consumers from using it, the FTC alleges. The FTC seeks to return consumers' funds and ensure that NetSpend provides them with promised access to their funds in the future.

Report Focuses on Servicemember Refi Issues

The Consumer Financial Protection Bureau has released its third semi-annual "Snapshot of servicemember complaints," which reviews and analyzes 18,000 complaints submitted to the agency related to mortgage refinancing.

Delaware Corp in \$5.9M OFAC Settlement

Treasury has announced that National Oilwell Varco, Inc., a Delaware corporation, and its subsidiaries Dreco Energy Services, Ltd. ("Dreco") and NOV Elmar ("Elmar") have agreed to pay \$5,976,028 to settle their potential civil liability for apparent violations of the Cuban Assets Control Regulations, the Iranian Transactions and Sanctions Regulations, and the Sudanese Sanctions Regulations.

Thanksgiving Reminders and Wishes

The holidays are here again and the Affiliates would like to wish you and your family a Happy Thanksgiving! This is a reminder that GCUA will be closed on Thursday, November 24, 2016. The next issue of *InfoSight Compliance eNEWSLETTER* will be the December 5, 2016, issue.

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.