



InfoSight Highlight

HMDA File Specifications Available

The 2017 and 2018 HMDA file specifications have been posted by the Consumer Finance Protection Bureau (CFPB). One important change that is being highlighted is the change from a fixed field file to a delimited file format. This means that each data field within each row will be separated with a pipe (|). These are not fixed length fields so leading and trailing zeros or spaces will not be needed and filler data fields will no longer be used. Please see the CFPB's guides for filing available [here](#).

The new HMDA data requirements are going to pose a significant compliance burden for most credit unions as many more data fields are going to be required for reporting beginning in 2017. The change in the file format will likely require yet another systems update. **Credit unions subject to HMDA are recommended to take the necessary steps to start implementing these changes well ahead of the 2017 and 2018 reporting deadlines.**

For more information on HMDA, please see the Home Mortgage Disclosure Act topic in the Loans and Leasing Channel in InfoSight.

Compliance News

NCUA Board Votes Final Business-Lending Rule

The National Credit Union Administration's Board of Directors has approved a final rule giving federally insured credit unions greater flexibility and autonomy to offer member-business loans. The significant changes made by the rule include:

- Giving credit union loan officers the ability, under certain circumstances, to not require a personal guarantee;
- Replacing explicit loan-to-value limits with the principle of appropriate collateral and eliminating the need for a waiver;
- Lifting limits on construction and development loans;
- Exempting credit unions with assets under \$250 million and small commercial loan portfolios from certain requirements; and
- Affirming that non-member loan participations do not count against the statutory member-business lending cap.

Most of the changes to be made by the final rule will become effective **January 1, 2017**. **The removal of the personal guarantee**

GEORGIA CREDIT UNION

Affiliates

InfoSight
Compliance eNEWSLETTER

February 22, 2016

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Credit Union National Association

Compliance Calendar

March 13

Daylight Savings Time Begins

April 22

5300 Call Report Due to NCUA

May 30

Memorial Day - Federal Holiday

June 30

PCI - SSL/TLS can no longer be used as a Security Control after this date

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

Compliance Training

February 23, 2016

Teller Development: Managing Dual Control & Cash Limits -

requirement will become effective 60 days after publication of the final rule.

HMDA Report Due March 1

NCUA reminds credit unions in **Regulatory Alert 16-RA-03** that credit unions located in metropolitan areas that engage in certain types of residential mortgage lending and that had assets exceeding \$44 million as of December 31, 2014, must file a report this year regarding mortgage loan applications received during 2015. The filing is required under the Home Mortgage Disclosure Act (HMDA), as implemented by the Consumer Financial Protection Bureau's Regulation C.

Credit unions subject to HMDA requirements in calendar year 2015 (CY2015) must submit Loan Application Register data to the Federal Reserve Board (FRB) by March 1, 2016.

To determine if your credit union must submit HMDA data for CY2015 activity, please review Regulatory Alert 15-RA-02, "[Home Mortgage Disclosure Act \(HMDA\) Data Collection Requirements for Calendar Year 2015](#)" (February 2015).

The [enclosure](#) to the Regulatory Alert:

- Describes options for filing CY2015 HMDA data;
- Provides a link to the HMDA Data Entry Software;
- Discusses FRB's processing procedures;
- Explains NCUA's policy about late submission of required HMDA data; and
- Provides access to resources to assist in filing HMDA data.

If you have questions, please contact NCUA's Office of Consumer Protection at (703) 518-1140 or at ComplianceMail@ncua.gov, or contact your regional office or state supervisory authority.

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

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](#)

Looming Fall 2016 Deadlines for Same-Day ACH, EMV ATM Capability

The long-discussed transition toward same-day and real-time ACH takes a significant step forward in September 2016 when NACHA rules will open two new clearing windows:

- A morning submission deadline at 10:30 AM ET, with settlement occurring at 1:00 PM.
- An afternoon submission deadline at 2:45 PM ET, with settlement occurring at 5:00 PM

All receiving financial depository institutions (RDFIs) will be required to accept these same day payments, and will be compensated via a supplemental “same day fee” estimated by NACHA to cover the additional processing cost.

While participation by originating financial depository institutions (ODFIs) is optional, NACHA estimates that same-day capability will be available for roughly 99% of transactions - the two exceptions being high-value payments (over \$25,000) and international transactions (IATs).

NACHA’s phased implementation extends into 2018. This year’s September 23, 2016 deadline applies to ACH Credits such as hourly payroll, P2P and same-day bill pay. The September 2017 deadline adds ACH Debits (e.g., consumer bill pay). By March of 2018, RDFIs will be mandated to make funds available from same day ACH Credits to their depositors by 5:00 PM at the RDFI’s local time.

Additional details - along with implementation checklists - can be found [here](#).

This isn’t the only transition credit unions need to address by this coming fall. On October 1, 2016, liability for fraudulent transactions at ATM machines will shift from the card issuer to the ATM operator for MasterCard branded cards (Visa’s ATM liability shift will occur in October 2017).

Like the October 2015 EMV point-of-sale deadline, this cutover is not mandatory - however it shifts the burden for card fraud after that date. *(By Best Innovation Group for Credit Union National Association)*

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

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

How to Report a Fraudulent Tax Refund Deposit

Question: If we believe that a direct deposit tax refund is fraudulent, how do we report this?

Answer: According to [CUNA's Compliance Blog](#), there are a number of options for you to report a suspicious tax refund deposit:

1. Contact the IRS at 1-800-829-1040 to report the questionable payment;
2. Use the IRS' External Leads Program by emailing information about the questionable payment to efleads@irs.gov.
3. Return the refund to the Treasury Fiscal Services;
4. File a suspicious activity report (SAR) and include "tax refund fraud" in the narrative - alert your local IRS field office that the SAR has been filed.

And speaking of fraud, remember to remind your members that "fraudsters" often pose as financial institutions, including credit unions, by sending e-mails or creating websites that appear legitimate but contain phony log-in pages. These criminals hope victims will take the bait to get the victim's money, passwords, Social Security number and identity.

Over the past few years, the IRS has ranked "identity theft tax refund fraud" as its number one scam. Generally, an identity thief uses a legitimate taxpayer's identity to file a fraudulent tax return and claim a refund. According to the IRS, 2016 will be the first year the IRS, state tax officials and tax software providers, such as Turbo Tax and H&R Block, will share information in real time about suspicious returns in an effort to stop fraud as it is happening.

Since the methods for tax refund distribution – direct deposit, paper checks, prepaid access cards – are usually run through a financial institution, credit unions should review the following **Tax Refund Fraud Red Flags**, provided by FinCEN and the IRS, to help in this battle against tax refund fraud:

- Multiple direct deposit refund payments going into one member's account;
- Individuals attempting to negotiate double endorsed tax refund checks with questionable identification;
- One individual accompanying multiple parties to the credit union to negotiate tax refund checks;

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

May 3, 2016
[Conducting the Annual Physical Security Review](#) – Webinar
3:00 – 4:30 p.m. EST

May 4, 2016
[Loan Participation Due Diligence: Practices, Documentation, Servicing & Risks](#) – Webinar
3:00 – 4:30 p.m. EST

May 10, 2016
[Succession Planning for the](#)

- The same signature/endorsement used on multiple checks, with multiple names;
- An account opened on behalf of individuals who are not present, with the opener being named as having signatory authority and the subsequent activity limited to direct deposits of tax refunds. This activity often occurs when exploiting returns for the elderly, minors, prisoners, the disabled, or recently deceased;
- A single individual opening multiple prepaid card accounts in different names, using valid TINs for each of the supplied names and having cards mailed to the same address;
- A personal account where the majority of the transactions are ACH tax refunds - even if this is not tax fraud, your member may be using a personal account as a business account;
- A business account processing third-party tax refunds in a manner inconsistent with their stated business model, ie: volume of refund checks in contrast to other deposits; refund checks from out of state; multiple refund checks for the same amount or close to the same amount;
- For MSB accounts - a sudden increase in volume involving tax refund checks issued to individuals from across the country.

If after sufficient investigation the credit union determines that a suspicious activity report (SAR) should be filed, FinCEN requests that the term “tax refund fraud” be included in the narrative section. Also, due to the time sensitive nature of these transactions, FinCEN recommends that you alert your local IRS Criminal Investigation Field Office.

For more information on financial services related scams visit [FinCEN's](#) and the [IRS](#) websites.

Inclement Weather Closing - Update

In regards to [last week's article](#) on closing for inclement weather, Georgia state-chartered credit unions no longer update their emergency contact information with the Georgia Department of Banking & Finance. Maintenance of emergency contact information, registration and updates to contact data should be made directly to the Emergency Communications System (ECS) of the Federal Reserve Bank of St. Louis.

[Board & Supervisory Committee - Webinar](#)
3:00 – 4:30 p.m. EST

May 11, 2016
[Business Accounts: Who is Authorized to Open, Close, Transact? – Webinar](#)
3:00 – 4:30 p.m. EST

May 12, 2016
[Managing the Force-Placed Insurance Process - Webinar](#)
3:00 – 4:30 p.m. EST

May 17, 2016
[Wire Transfer Compliance, Including International Remittances – Webinar](#)
3:00 – 4:30 p.m. EST

May 24, 2016
[Understanding & Managing the CFPB Complaint Process – Webinar](#)
3:00 – 4:30 p.m. EST

May 25, 2016
[Developing Quality & Efficiency in Your IT Audit – Webinar](#)
3:00 – 4:30 p.m. EST

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

Your existing emergency contact at your credit union should have received a direct communication via e-mail from the FRB St. Louis that provided further information about the transition to ECS.

If you would like to ensure that your emergency contact information is correct, please contact the ECS Support Line at ecs.support@stls.frb.org.

Your CU Should Know...

February NCUA Report Posted: The [February 2016 issue of *The NCUA Report*](#) has been posted. This month's issue includes articles on card-free ATMs; money-services business accounts; supervisory priorities; and NCUA's regulatory review for 2016.

NCUA Posts Best Practices Video for CU Directors: A new [video module](#), "Credit Union Policies and Procedures," has been posted online by the NCUA. The video, along with a summary of best policy practices and resources, explain how board members can work to develop successful strategic policies, an essential ingredient in effective leadership.

FATF Plenary Meeting Activity Report: The Financial Action Task Force (FATF) has posted the [outcomes of its Plenary meeting](#) in Paris, held on February 17-19, 2016. The group also released two public documents identifying jurisdictions that may pose a risk to the international financial system:

- [Jurisdictions with strategic anti-money laundering and combating the financing of terrorism \(AML/CFT\) deficiencies for which a call for action applies](#)
- [Jurisdictions with strategic AML/CFT deficiencies for which they have developed an action plan with the FATF](#)

Mobile Banking Scammer Does Time and Pays \$204K in

Restitution: A Pennsylvania resident has been sentenced in federal court to 18 months of incarceration and three years of supervised release, and ordered to pay \$204,252.16 in restitution for fraud conspiracy. The conviction resulted from an investigation by U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) and agents within the Western Pennsylvania Financial Crimes Task Force (WPFCTF). The accused and his conspirators allegedly agreed to defraud account holders at Pittsburgh area banks by a remote deposit, mobile-banking scheme in which they deposited fictitious checks into victim accounts, and later withdrew cash at a casino and ATMs.

Comment Calls

NCUA Requests Comments on Operating Fee Schedule and Overhead Transfer Rate Methodology

Operating Fee Schedule: NCUA has issued a request for comments regarding the National Credit Union Administration's (NCUA) Operating Fee Schedule. The NCUA Operating Budget has two primary funding mechanisms: (1) An Overhead Transfer, which is funded by federal credit unions (FCUs) and federally insured state-chartered credit unions (FISCUs); and (2) annual Operating Fees, which are charged only to FCUs. The NCUA Board is seeking comment on the methodologies for both funding mechanisms.

This request focuses on the methodology NCUA uses to determine the aggregate amount of Operating Fees charged to federal credit unions, including the fee schedule that allocates the Operating Fees at different rates among FCUs according to asset size.

NCUA specifically requests comment on the following questions:

1. Are the asset determination thresholds reasonable; and
2. Is the method for forecasting projected asset growth for the credit union system reasonable?

Commenters are encouraged to provide the specific bases for the comments and recommendations as well as documentation to support any proposed adjustments or alternatives.

Overhead Transfer Rate Methodology: NCUA has also issued a request for comment regarding NCUA's Overhead Transfer Rate Methodology. This request for comment focuses on the methodology NCUA uses to determine the Overhead Transfer Rate (OTR). The Board

applies the OTR to NCUA's Operating Budget to determine the portion of the budget that will be funded from the National Credit Union Share Insurance Fund (NCUSIF). The Board invites comments on all aspects of the OTR methodology and any alternatives commenters may offer. Areas the Board specifically seeks comments on include:

- Whether the OTR should continue to be determined using a formula-driven approach, or instead be set largely at the discretion of the Board;
- The definition NCUA uses for insurance-related activities;
- Adjustments or changes to the current calculation; and
- Alternate methodologies to arrive at an accurate and fair allocation of costs.

The Board encourages the public to provide the specific basis for their comments and recommendations, as well as documentation to support any proposed adjustments or alternatives.

GCUA would like to know your thoughts and/or concerns on NCUA's proposals. Please send your comments on these proposals to Selina Gambrell at selinag@gcua.org by **March 26, 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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Email compliance@gcua.org.