

# Compliance Hot Topics



October 3, 2018

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1

## Agenda

- NCUA Supervisory Priorities for 2018
- S.2155 Signed by POTUS
- Lending
- Deposit
- Beneficial Ownership
- Miscellaneous
- Summary

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## NCUA Supervisory Priorities for 2018

- NCUA 17-CU-09 issued to Federally Insured Credit Unions regarding Supervisory Priorities for 2018
- The NCUA's primary areas of supervisory focus in 2018 include:
  - Cybersecurity Assessment
  - Bank Secrecy Act Compliance
  - Internal Controls and Fraud Prevention
  - Interest Rate and Liquidity Risk
  - Automobile Lending



## NCUA Supervisory Priorities for 2018

- Commercial Lending
- Consumer Compliance
  - Perform limited reviews beginning in the second quarter of quarterly Loan/Application Registers (LAR), when applicable, to evaluate federal credit unions' good faith efforts to comply with the Bureau of Consumer Financial Protection's (Bureau's) 2015 final rule and 2017 amendments to Regulation C (Home Mortgage Disclosure), which implements the Home Mortgage Disclosure Act (HMDA)



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## NCUA Supervisory Priorities for 2018

- Review of 2018 HMDA data will be diagnostic in nature, designed to help credit unions identify compliance weaknesses in collecting 2018 data for submission in 2019, and will credit good faith compliance efforts
- Evaluate credit unions' efforts to comply with the Military Lending Act's restrictions against the use of certain contract terms, as well as the credit card provisions for which compliance began in October 2017
- Review credit unions' overdraft policies and procedures for compliance with Regulation E



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## S.2155 Signed by POTUS

- S.2155 - Economic Growth, Regulatory Relief, and Consumer Protection Act Became Law

## S.2155 Signed by POTUS

- (Sec. 101) This bill amends the Truth in Lending Act (TILA) to allow a depository institution or credit union with assets below a specified threshold to forgo certain **ability-to-pay requirements** regarding residential mortgage loans. Specifically, those requirements are waived if a loan: (1) is originated by and retained by the institution, (2) complies with requirements regarding prepayment penalties and points and fees, and (3) does not have negative amortization or interest-only terms. Furthermore, for such requirements to be waived, the institution must consider and verify the debt, income, and financial resources of the consumer.



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## S.2155 Signed by POTUS

- (Sec. 103) The bill amends the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to exempt from appraisal requirements certain federally related, **rural real-estate transactions valued below a specified limit if no certified appraiser is available.**
- (Sec. 104) The bill **amends the Home Mortgage Disclosure Act** of 1975 to exempt from specified public disclosure requirements depository institutions and credit unions that originate fewer than a specified number of closed-end mortgages or open-end lines of credit.



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## S.2155 Signed by POTUS

- (Sec. 105) The bill amends the Federal Credit Union Act to **allow a credit union to extend a member business loan with respect to a one- to four-family dwelling, regardless of whether the dwelling is the member's primary residence.** Under current law, a member business loan may be extended with respect to such a dwelling only if it is the member's primary residence.

## S.2155 Signed by POTUS

- (Sec. 106) The bill amends the S.A.F.E. Mortgage Licensing Act of 2008 to revise the Act's civil liability immunity provisions and to temporarily allow loan originators that meet specified requirements to **continue to originate loans after moving: (1) from one state to another, or (2) from a depository institution to a non-depository institution.**

## S.2155 Signed by POTUS

- (Sec. 108) The bill exempts from certain escrow requirements a residential mortgage loan held by a depository institution or credit union that: (1) has assets of \$10 billion or less, (2) originated 1,000 or fewer mortgages in the preceding year, and (3) meets other specified requirements.
- (Sec. 109) The required mortgage disclosure waiting period is eliminated with respect to a second offer of credit if the creditor offers a consumer a lower annual percentage rate in the second offer.



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## S.2155 Signed by POTUS

- (Sec. 213) A financial institution is **authorized to record personal information from a scan, copy, or image** of an individual's driver's license or personal identification card and store the information electronically when an individual **initiates an online request to open an account or obtain a financial product**. The financial institution may use the information for the purpose of verifying the authenticity of the driver's license or identification card, verifying the identity of the individual, or complying with legal requirements. The financial institution **must delete any copy or image of an individual's driver's license or personal identification card after use**.



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## S.2155 Signed by POTUS

- (Sec. 215) The **Social Security Administration (SSA)** is directed to develop a database to facilitate the verification of consumer information upon request by a certified financial institution. Such verification shall be provided only with the consumer's consent and in connection with a credit transaction. Users of the database shall pay system costs as determined by the SSA.

## S.2155 Signed by POTUS

- (Sec. 301) The bill amends the Fair Credit Reporting Act to **increase the length of time a consumer reporting agency must include a fraud alert in a consumer's file**. It also: (1) requires a consumer reporting agency to provide a consumer with **free credit freezes and to notify a consumer of their availability**, (2) establishes provisions related to the **placement and removal of these freezes**, (3) creates requirements related to the **protection of the credit records of minors**.

## S.2155 Signed by POTUS

- (Sec. 303) The bill **extends immunity from liability** to certain individuals employed at financial institutions who, in good faith and with reasonable care, **disclose the suspected exploitation of a senior citizen** to a regulatory or law enforcement agency. Similarly, **the employing financial institution shall not be liable** with respect to disclosures made by such employees.

## S.2155 Signed by POTUS

- (Sec. 304) The sunset provision of the Protecting Tenants at Foreclosure Act is repealed, restoring notification requirements and other protections related to the eviction of renters in foreclosed properties. (The Act expired on December 31, 2014.)

## S.2155 Signed by POTUS

- (Sec. 309) A refinanced home loan may not be guaranteed by the Department of Veterans Affairs (VA), unless: (1) a specified minimum time period has passed between the original loan and the refinancing; and (2) the lender complies with provisions related to fee recoupment, mortgage interest rates, and net tangible benefit tests.

## S.2155 Signed by POTUS

- (Sec. 310) The bill amends the Federal National Mortgage Association Charter Act and the Federal Home Loan Mortgage Corporation Act to allow the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), **when determining whether to purchase a residential mortgage, to consider a borrower's credit score only if certain procedural requirements are met with respect to the validation and approval of credit-scoring models.**

## S.2155 Signed by POTUS

- (Sec. 313) The bill amends the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 **to make permanent the one-year grace period during which a servicemember is protected from foreclosure after leaving military service.**

## S.2155 Signed by POTUS

- (Sec. 601) The bill amends TILA to prospectively **revise provisions relating to cosigners of private student loans.** Specifically, the bill: (1) prohibits a creditor from declaring a default or accelerating the debt of a private student loan on the sole basis of the death or bankruptcy of a cosigner to such a loan, and (2) directs loan holders to release cosigners from any obligation upon the death of the student borrower.

## S.2155 Signed by POTUS

- (Sec. 602) The bill amends the Fair Credit Reporting Act to **allow a person to request the removal of a previously reported default regarding a private education loan from a consumer report if:** (1) the lender chooses to offer a loan-rehabilitation program that requires a number of consecutive on-time monthly payments demonstrating renewed ability and willingness to repay the loan, and (2) the consumer meets those requirements. A consumer may obtain such rehabilitation benefits only once per loan. The GAO shall report on the implementation of these provisions.

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Lending

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## SCRA

- On December 12, 2017, the President signed into law the National Defense Authorization Act for Fiscal Year 2018, that, inter alia, extended the one year tail coverage period through December 31, 2019.
- Link to the newest version of the HUD 92070 form <https://www.hud.gov/sites/dfiles/OCHCO/documents/92070.pdf>

Servicemembers Civil Relief Act Notice Disclosure

U.S. Department of Housing and Urban Development  
Office of Housing

OMB Approval 2502-0584  
Exp 3/31/2021

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## Servicemembers Civil Relief Act Fact Sheet

- Protection #1: Servicemembers can reduce the interest rate on any pre-service loans to a maximum of 6 percent
- Protection #2: Servicemembers have some protections against default judgments in civil cases
- Protection #3: Servicemembers have special protections against foreclosure on their home
- Protection #4: Servicemembers have special protections against repossession of their property

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## Servicemembers Civil Relief Act Fact Sheet

- Protection #5: Servicemembers may be able to terminate residential housing and automobile leases without penalty
- Version March 2018



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## Military Lending Act

- Three of the 19 questions and answers presented by the Department of Defense in August 2017 were modified in December 2017
- Clarifies that a creditor qualifies for the safe harbor under the MLA Rule when the covered borrower check is conducted at the time a consumer initiates a credit transaction or applies to establish an account, or up to 30 days prior to the action taken by the consumer



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## Military Lending Act

- Clarifies whether a purchase-money loan loses its exemption from the MLA depending on what is financed
  - Loan that finances a credit-related product or service is not eligible for the exemption, such as GAP
  - Loan that provides purchase-money secured financing of a vehicle or personal property along with additional “cash-out” financing that is unrelated to the purchase does not qualify for the exemption



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## Military Lending Act

- Prohibits a creditor from using the borrower's account information to create a remotely created check or payment order to collect payments
  - Rule permits a covered borrower to convey security interests to creditors in their deposit account, and the creditor to exercise a statutory right to take a security interest in a covered borrower's deposit accounts at any time, including enforcing statutory liens, provided that they are not prohibited by other applicable law and the creditor complies with all other provisions of the MLA rule



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## NCUA 1-4 Family Rule Change

- NCUA Board approves changes to member business lending rule
- The Board unanimously approved, by notation vote on May 30, 2018, to revise the definition of a member business loan to exclude all loans secured by liens on 1- to 4-unit family dwellings, regardless of the occupancy status of the borrower
  - The member business lending rule previously required those dwellings to be the primary residence of a member in order to be excluded



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## NCUA 1-4 Family Rule Change

- The Board approved the change to make the member business lending rule conform with changes to the Federal Credit Union Act incorporated into the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018, signed into law by President Donald J. Trump on May 24, 2018
- Effective June 5, 2018



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## Restoration of the Protecting Tenants at Foreclosure Act

- The recently restored Protecting Tenants at Foreclosure Act of 2009, became effective on June 23, 2018. The law protects tenants from immediate eviction by persons or entities that become owners of residential property through the foreclosure process, and extends additional protections for tenants with U.S. Department of Housing and Urban Development Section 8 vouchers. The law is self-executing; no federal agency has authority to issue regulations implementing the law or to interpret the law.



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## Restoration of the Protecting Tenants at Foreclosure Act

- Under the law, the immediate successor in interest at foreclosure must: (a) provide bona fide tenants with 90 days' notice prior to eviction; and, (b) allow bona fide tenants with leases to occupy property until the end of the lease term, except the lease can be terminated on 90 days' notice if the unit is sold to a purchaser who will occupy the property.



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## Restoration of the Protecting Tenants at Foreclosure Act

- Consumer compliance examiners will employ risk-focused consumer compliance supervision principles to determine if they should include a review of compliance with the Protecting Tenants at Foreclosure Act in an examination. If compliance with this law is included in the examination scope, examiners will use examination procedures to evaluate an institution's awareness of the law, its compliance efforts, and its responsiveness to addressing implementation deficiencies.



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## Regulation V – Fair Credit Reporting Act

- Effective September 21, 2018, new section 605A(i) of the Fair Credit Reporting Act (FCRA), added by the Economic Growth, Regulatory Relief, and Consumer Protection Act (the Act), requires that a new notice of rights be included whenever a consumer is required to receive a summary of rights required by FCRA section 609



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## Regulation V – Fair Credit Reporting Act

- The Bureau has issued an interim final rule to amend the model forms in Appendices I and K to Regulation V to incorporate the new required notice.
- The interim final rule also amends the model form in Appendix I to reflect a statutory change to the minimum duration of initial fraud alerts and makes adjustments to update contact information for certain FCRA enforcement agencies in the model form in Appendix K.



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## Regulation V – Fair Credit Reporting Act

- Appendix I to Part 1022 – Summary of Consumer Identity Theft Rights
- Appendix K to Part 1022 – Summary of Consumer Rights



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## Regulation V – Fair Credit Reporting Act

- To mitigate the impact of these changes on users of the existing model forms, the interim final rule also provides that the Bureau will regard the use of the model forms published in Appendices I and K on November 14, 2012, to constitute compliance with the FCRA provisions requiring such forms, so long as a separate page that contains the additional required information is provided in the same transmittal.

## Mortgage Servicing Rule Under Regulation Z

- On March 8, 2018, the Bureau issued a final rule amending the 2016 Mortgage Servicing Rules. This rule replaced the single-billing-cycle exemption for periodic statements and coupon books with a single-statement exemption when servicers transition to providing modified or unmodified periodic statements and coupon books to consumers entering or exiting bankruptcy.

## Mortgage Servicing Rule Under Regulation Z

- This rule provides a single-statement exemption for the next periodic statement or coupon book that a servicer would otherwise have to provide, regardless of when in the billing cycle the triggering event occurs
- Effective April 19, 2018
- Real Estate Settlement Procedures Act (Regulation X) and Truth in Lending Act (Regulation Z) Mortgage Servicing Rules Small Entity Compliance Guide updated April 19, 2018



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## CFPB TRID Updated Reference Tools

- Version 5.2 of the TILA-RESPA Integrated Disclosure Rule Small Entity Compliance Guide dated May 2018
- Version 2.0 of the TILA-RESPA Integrated Disclosure Guide to the Loan Estimate and Closing Disclosure Forms dated May 2018



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## CFPB TRID Updated Reference Tools

- Incorporates changes and clarifications from the July 7, 2017, amendments to the TILA-RESPA Final Rule, with a mandatory effective date of October 1, 2018
- Incorporates changes and clarifications from the April 26, 2018, amendments to the TILA-RESPA Final Rule, with an effective date of June 1, 2018, including:
  - Closing Disclosure or corrected Closing Disclosure timing when resetting tolerances
  - Use of a Closing Disclosure or corrected Closing Disclosure to reset tolerances

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## CFPB TRID Black Hole Executive Summary

- The April 2018 TILA-RESPA Rule removes four-business-day limitation on a creditor's ability to reset tolerances with a Closing Disclosure
- Permits a creditor to reset tolerances with either an initial or corrected Closing Disclosure regardless of the number of days between consummation and the date of the Closing Disclosure reflecting the revised estimate

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## CFPB TRID Black Hole Executive Summary

- The creditor must provide the consumer with the Closing Disclosure reflecting the revised estimate at or before consummation.
- The creditor must provide the revised estimate within three business days of receiving information sufficient to establish that the changed circumstance or other triggering event has occurred.
- The consumer must still receive an initial Closing Disclosure at least three business days prior to consummation.

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## CFPB TRID Black Hole Executive Summary

- A new three-day waiting period is only required for a corrected Closing Disclosure if the APR becomes inaccurate (difference of 0.125), a prepayment penalty is added, or the loan product changes from the loan product previously disclosed.

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## Economic Growth, Regulatory Relief, and Consumer Protection Act - HMDA

- Section 104(a) of the Act amends HMDA section 304(i) by adding partial exemptions from HMDA requirements for certain insured depository institutions and insured credit unions.
- Section 104(a) took effect when the Act became law on May 24, 2018 (Bureau's interpretation of effective date).
- Bureau issued final interpretation and procedural rule on August 31, 2018, implementing and clarifying the requirements of section 104(a).



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## Applicability of Partial Exemptions

- HMDA sections 304(b)(5) and (6) do not apply with respect to closed-end mortgage loans of an insured depository institution or insured credit union if it originated fewer than 500 closed-end mortgage loans in each of the two preceding calendar years.
- HMDA sections 304(b)(5) and (6) do not apply with respect to open-end lines of credit of an insured depository institution or insured credit union if it originated fewer than 500 open-end lines of credit in each of the two preceding calendar years.



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## Collecting and Reporting Data

- Do not have to collect exempt data on or after May 24, 2018
- Do not have to report exempt data that may have been collected on or before May 24, 2018
- May opt to voluntarily report data that is covered by the Act's partial exemptions

## Voluntary Reporting

- Voluntary reporting of data must include all data fields that the data point comprises
  - For example, if partially exempt institutions report a data field that is part of the property address (such as street address), they will report all other data fields that are part of the property address data point (including ZIP code, city, and state)

## Reportable Data Points

- 22 reportable data points
  - Application Date [4]
  - Loan Type [5]
  - Loan Purpose [6]
  - Preapproval [7]
  - Construction Method [8]
  - Occupancy Type [9]
  - Loan Amount [10]
  - Action Taken [11]
  - Action Taken Date [12]
  - State, County [15 & 17]
  - Census Tract [18]
  - Ethnicity, Race, Sex [19-54]
  - Age [56]
  - Income [57]



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## Reportable Data Points

- 22 reportable data points, continued
  - Type of Purchaser [58]
  - HOEPA Status [60]
  - Lien Status [61]
  - Number of Units (together with construction method replaced pre-existing property type) [91]
  - Legal Entity Identifier (replaced pre-existing respondent identifier) [2]



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## Non-Universal Loan Identifier [3]

- Either Universal Loan Identifier (ULI) or non-universal loan identifier must be reported
- If opting to report ULI, follow ULI formatting requirements
- If opting to report non-universal loan identifier, the identifier may be composed of up to 22 characters which may consist of letters, numerals, or a combination of letters and numerals, must be unique, and must not include any information that could be used to directly identify the applicant or borrower

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## Non-Universal Loan Identifier [3]

- For example, if an insured depository institution or insured credit union reports a denied application in its annual 2020 submission but then reconsiders the application, resulting in an origination in 2021, the institution reports the origination with a different non-universal loan identifier.
- Information that could be used to directly identify the applicant or borrower includes, but is not limited to, the applicant's or borrower's name, date of birth, tax identification number, official government-issued driver's license or identification number.

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## Non-Universal Loan Identifier [3]

- If a financial institution that is subject to HMDA and not eligible for a partial exemption purchases a loan originated by a partially exempt institution that assigned a non-universal loan identifier, the purchasing institution must assign its own ULI.

## Rate Spread [59]

- The Bureau may propose in a future notice-and-comment rulemaking to use its HMDA authority other than HMDA sections 304(b)(5) and (6) to reinstate the Board's requirement to report rate spread for higher-priced mortgage loans covered by the partial exemptions.
  - Insured depository institutions and insured credit unions may voluntarily report rate spread for transactions covered by the Act's partial exemption.

## Exempt Data Point Reporting

- Report “1111” for the following data fields unless opting to voluntarily report:
  - Credit Score [62-63]
  - Credit Scoring Model [64-67]
  - Reason for Denial for denial reason 1 with all others being left blank [68-72]
  - Balloon Payment [84]
  - Interest-Only Payments [85]
  - Negative Amortization [86]



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## Exempt Data Point Reporting

- Report “1111” for the following data fields unless opting to voluntarily report:
  - Other Non-Amortizing Features [87]
  - Manufactured Home Secured Property Type [89]
  - Manufactured Home Land Property Interest [90]
  - Submission of Application [93]
  - Initially Payable to Your Institution [94]
  - Automated Underwriting System for AUS reason 1 with all others being left blank [96-101]



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## Exempt Data Point Reporting

- Report “1111” for the following data fields unless opting to voluntarily report:
  - Automated Underwriting System Result for AUS result 1 with all others being left blank [102-107]
  - Reverse Mortgage [108]
  - Open-End Line of Credit [109]
  - Business or Commercial Purpose [110]

## Exempt Data Point Reporting

- Report “Exempt” for the following data fields unless opting to voluntarily report:
  - Property Address [13-14]
  - Rate Spread [59]
  - Total Loan Costs [73]
  - Total Points and Fees [74]
  - Origination Charges [75]
  - Discount Point [76]

## Exempt Data Point Reporting

- Report “Exempt” for the following data fields unless opting to voluntarily report:
  - Lender Credits [77]
  - Interest Rate [78]
  - Prepayment Penalty Term [79]
  - Debt-to-Income Ratio [80]
  - Combined Loan-to-Value [81]
  - Loan Term [82]



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## Exempt Data Point Reporting

- Report “Exempt” for the following data fields unless opting to voluntarily report:
  - Introductory Rate Period [83]
  - Property Value [88]
  - Multifamily Affordable Units [92]
  - Mortgage Loan Originator NMLSR Identifier [95]



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## Implementation

- Determine if ULI or non-universal loan identifier will be reported
- Determine if denial reasons have to be reported
- Determine if any exempt data points will be voluntarily reported that were collected on or prior to May 24, 2018, or thereafter
- Update lending personnel of any changes to data collecting or reporting practices

## Resources

- CFPB resources, including final rule, compliance guide, coverage charts, and summary of reportable data: <http://www.consumerfinance.gov/regulatory-implementation/hmda/>
- HMDA final rule, corrections, and other changes: <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/regulation-c-home-mortgage-disclosure-act/>

## Resources

- Resources for filers – Access the HMDA platform, Filing Instruction Guide, and additional tools to assist with filing HMDA data

<https://www.consumerfinance.gov/data-research/hmda/for-filers>

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Deposit

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## Bureau Updates to Prepaid Cards

- On January 25, 2018, the Bureau updated its 2016 prepaid rule to include:
  - Extended overall effective date to April 1, 2019
  - Modified general Regulation E requirements to create tailored provisions governing disclosures, limited liability and error resolution, and periodic statements, and adds new requirements regarding the posting of account agreements
  - Provided more flexibility concerning credit cards linked to digital wallets



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## Bureau Updates to Prepaid Card Resources

- On March 13, 2018, the Bureau updated the small entity compliance guide and the guide to preparing the short form disclosure for prepaid accounts to reflect the 2018 Prepaid Amendments
- If you issue prepaid cards:
  - Applicable staff should download and read the updated small entity guide
  - Continue to evaluate the impact of the proposed prepaid card rules and their delayed effective date



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## Beneficial Ownership – Relief for Renewals

- FinCEN grants permanent exceptive relief to covered financial institutions from the obligations of the Beneficial Ownership Requirements for Legal Entity Customers and its requirement to identify and verify the identity of the beneficial owner(s) when a legal entity customer opens a new account as a result of the following:
  - A rollover of a certificate of deposit (CD) (as defined in attached document)

## Beneficial Ownership – Relief for Renewals

- A renewal, modification, or extension of a loan (e.g., setting a later payoff date) that does **not** require underwriting review and approval
- A renewal, modification, or extension of a commercial line of credit or credit card account (e.g., a later payoff date is set) that does **not** require underwriting review and approval, and
- A renewal of a safe deposit box rental

## Beneficial Ownership – Relief for Renewals

- The exception only applies to the rollover, renewal, modification, or extension of any types of accounts listed in prior two slides occurring on or after May 11, 2018, and does not apply to the initial opening of such accounts.
- See FIN-2018-R003 issued September 7, 2018, for additional information.

## Beneficial Ownership References

- The Financial Crimes Enforcement Network (FinCEN) issued Frequently Asked Questions to assist covered financial institutions in understanding the scope of the Customer Due Diligence Requirements for Financial Institutions, available at <https://www.fincen.gov/resources/statutes-regulations/guidance/frequently-asked-questions-regarding-customer-due-0>

## Beneficial Ownership References

- On July 19, 2016, FinCEN published FAQs, available at <https://www.fincen.gov/resources/statutes-regulations/guidance/frequently-asked-questions-regarding-customer-due-diligence>. FinCEN may issue additional FAQs, guidance, or grant exemptive relief as appropriate.

## Beneficial Ownership References

- Customer Due Diligence Requirements for Financial Institutions, published on May 11, 2016, as amended on September 29, 2017 (“CDD Rule” or “Rule”), available at

<https://www.fincen.gov/resources/statutes-regulations/federal-register-notices/customer-due-diligence-requirements>

[https://www.fincen.gov/sites/default/files/federal\\_register\\_notices/2017-09-29/CDD\\_Technical\\_Amendment\\_17-20777.pdf](https://www.fincen.gov/sites/default/files/federal_register_notices/2017-09-29/CDD_Technical_Amendment_17-20777.pdf)

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Miscellaneous

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## General Data Protection Regulation (GDPR) - Who does the data protection law apply to?

- When the regulation does not apply:
  - Your company is service provider based outside the EU
  - It provides services to customers outside the EU
  - Its clients can use its services when they travel to other countries, including within the EU, and
  - Provided your company does not specifically target its services at individuals in the EU
- [https://ec.europa.eu/info/law/law-topic/data-protection/reform/rules-business-and-organisations/application-regulation/who-does-data-protection-law-apply\\_en](https://ec.europa.eu/info/law/law-topic/data-protection/reform/rules-business-and-organisations/application-regulation/who-does-data-protection-law-apply_en)

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## NCUA Logo Change

- On December 11, 2017, President Donald Trump signed an executive order establishing a new official seal for the National Credit Union Administration
- Logos and signage for the National Credit Union Share Insurance Fund will not be affected by this change



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## NCUA Advertising Rule

- Credit unions will gain an added measure of flexibility and regulatory relief in complying with the NCUA's advertising rule under a final amending rule (Part 740) approved by the Board, with an effective date of May 25, 2018

## NCUA Advertising Rule

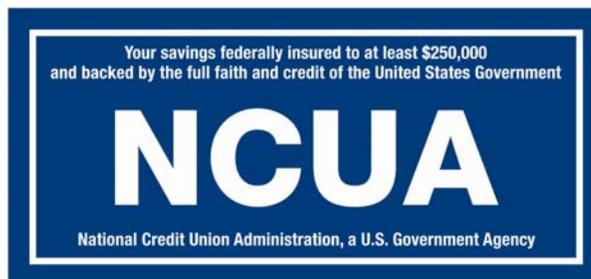
- NCUA's advertising rule (Part 740) was amended to add a fourth advertising option, with an effective date of May 25, 2018
- Advertising statement options:
  - Option 1: "This credit union is federally insured by the National Credit Union Administration."
  - Option 2: "Federally insured by NCUA."
  - Option 3: Display the official sign
  - Option 4 (new): "Insured by NCUA."

## NCUA Advertising Rule

- The official advertising statement must be in a size and print that is clearly legible and may be no smaller than the smallest font size used in other portions of the advertisement intended to convey information to the consumer.

## NCUA Advertising Rule

- If the official sign is used as the official advertising statement, an insured credit union may alter the font size to ensure its legibility as provided in § 740.4(b)(2)



## NCUA Field-of-Membership Rule Change

- Changes to the NCUA's field-of-membership regulations rule include:
  - The Board will allow the option for an applicant to submit a narrative to establish the existence of a well-defined local community instead of limiting the applicant to a presumptive statistical community
  - The Board will hold a public hearing for narrative applications where the proposed community exceeds a population of 2.5 million people, and



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## NCUA Field-of-Membership Rule Change

- For communities that are subdivided into metropolitan divisions, the Board will permit an applicant to designate a portion of the area as its community without regard to division boundaries
- Effective September 1, 2018



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## Greater Transparency in Voluntary Mergers

- The final rule applies to all federally insured credit unions and will:
  - Increase the minimum required time for notice to members before a merger vote to 45 days
  - Require the merging credit unions to disclose merger-related compensation increases above \$10,000 or 15% of compensation, whichever is greater, for certain employees and officials of the merging credit union
  - Clarify the contents and format of the members' notice to provide better information, and



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## Greater Transparency in Voluntary Mergers

- Provide a method to communicate to the NCUA regarding the proposed merger
- Effective October 1, 2018



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## Regulation P

- The Bureau of Consumer Financial Protection amended Regulation P – Privacy of Consumer Financial Information (effective September 17, 2018)
- Amendment implements a December 2015 statutory amendment to the Gramm-Leach-Bliley Act providing an exception to the annual notice requirement for financial institutions that meet certain conditions



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## Regulation P

- Annual notice exception qualifications include:
  - Financial institution must not share nonpublic personal information about consumers except as described in certain statutory exceptions
  - Financial institution must not have changed its policies and practices with regard to disclosing nonpublic personal information from those that the institution disclosed in the most recent privacy notice it sent



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## Regulation P

- The annual privacy notice must be provided within 100 calendar days after the financial institution no longer meets the exception requirements
  - This will accommodate the inclusion of the notice in quarterly statements
- Bureau removed alternative delivery method option

## Questions



## Contact Information

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