

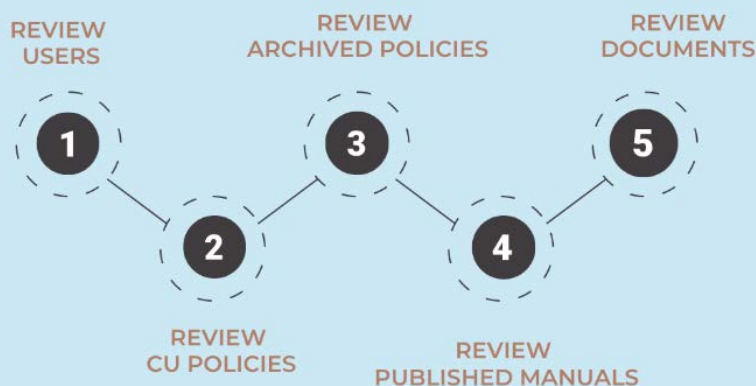


# InfoSight Newsletter

April 9, 2021 | Volume 15 | Issue 14

## InfoSight News

### Preparing for the CU PolicyPro Migration



FIND OUT MORE AT  
[HTTPS://WWW.LEAGUEINFOSIGHT.COM/NEW-CUPP](https://www.leagueinfosight.com/new-cupp)

With **InfoSight** and **CU PolicyPro**, your credit union has at its disposal a comprehensive suite of policies and regulatory compliance guidance written especially for credit unions by legal and financial experts.

For those users of CU PolicyPro, we have some big news! Over the last few months, we have been tirelessly working to improve CU PolicyPro. We believe that the new system will help make customizing and managing your policies easier than ever! Now is a great time to review your CU PolicyPro system and remove any old, outdated, or unused content and update your user list.

For more information on the new CU PolicyPro and to get instructions on reviewing your data, [visit our website!](#)

Not familiar with CU PolicyPro? [Learn more today!](#)

## Compliance and Advocacy News & Highlights

### Five Ways to Prepare for Your Next Exam Without a Lot of Stress

Just because consumer financial protection flexibilities are a thing of the past does not mean your future should be filled with stress!

A few effects of the COVID-19 global pandemic remain for credit unions, such as offsite exams and a larger remote workforce, but some aspects of running a credit union are getting back to normal. One of those aspects is consumer financial protection and the expectation that credit unions fully comply with regulations. Effective April 1, 2021, the [Consumer Financial Protection Bureau \(CFPB\) rescinded each of its policy statements issued in 2020](#) that provided temporary flexibilities related to mortgages, appraisals, credit reporting, credit cards and prepaid cards.

Now that a “best efforts” approach to consumer regulatory compliance will no longer meet examiner expectations, here are a few ways you can be prepared for your next exam without a lot of stress.

**#5 – Designate a point-person.** Each year NCUA publishes a list of their Supervisory Priorities, including Consumer Financial Protection ([NCUA Letter 21-CU-02](#)). Designate someone who understands your credit union’s compliance efforts regarding these priorities to gather information and communicate with applicable staff, management, board and regulators. Information gathered should highlight policies and procedures implemented/modified, potential issues identified, corrective actions taken, training provided and any other relevant actions. The key is having someone responsible for documenting your efforts.

**#4 – Review past exams and member complaints.** Prior identified weaknesses related to consumer protection will usually receive a higher level of review. Additionally, complaints can uncover a variety of consumer compliance violations as well as policy, procedure and training weaknesses. Be sure that you have addressed and documented your efforts to take corrective action when necessary.

**#3 – Get your electronic life in order.** With many examinations occurring offsite, this is a must for 2021 and beyond. A larger remote workforce and operational disruption of 2020 has placed pressure on credit unions to ensure the most up-to-date policy and procedures have been saved to the proper internal network locations and that all applicable staff are referring to them for guidance. It is also important to make sure that your credit union has created a workable scanning and storage system for key documents, as this will facilitate the sharing of information for exams.

**#2 – Perform internal control audits regularly.** No, you do not need to perform this using internal human resources, and in many cases outsourcing to experts is the best approach. While a full array of

internal control audits is ideal, for most credit unions this is not feasible. Not to worry, something is better than nothing! Start with your higher risk items or look to the supervisory priorities for ideas. One hint – make sure all applicable staff have received the training provided for in your policies.

**#1 – Know your risk.** The most important aspect of compliance operations today, is understanding your regulatory risk. Identify the risks of your products, services, membership, delivery channels and environment. Define your risk tolerance. Put controls in place to meet your members’ needs, carry an acceptable level of risk and ensure adequate compliance. Maintaining an updated risk assessment is one of the best ways to show your regulator that you are serious about consumer financial protection.

*Written by Melia Heimbeck of CU Risk Intelligence*  
Principal of Risk Management Solutions

## Proposed Mortgage Servicing Changes to Mitigate Foreclosure Surge

The Consumer Financial Protection Bureau on Monday announced it has proposed a set of rule changes intended to help prevent avoidable foreclosures as COVID-19 emergency federal foreclosure protections expire. [The CFPB’s proposal](#), if finalized, would:

- **Give borrowers time:** To make sure borrowers aren’t rushed into foreclosure when a potentially unprecedented number of borrowers exit forbearance at around the same time this fall, the proposed rule would provide a special pre-foreclosure review period that would generally prohibit servicers from starting foreclosure until after December 31, 2021. The CFPB is seeking public input on that date, as well as whether there are more limited ways to achieve the same purpose. For example, the CFPB is considering whether to permit earlier foreclosures if the servicer has taken certain steps to evaluate the borrower for loss mitigation or made efforts to contact an unresponsive borrower. This provision, like the rest of the proposal, would only apply to loans secured by a borrower’s principal residence.
- **Give servicers options:** The proposed rule would permit servicers to offer certain streamlined loan modification options to borrowers with COVID-19-related hardships based on the evaluation of an incomplete application. Normally, with certain exceptions, Regulation X requires servicers to review a borrower for all available options at once, which can mean borrowers have to submit more documents before a servicer can make a decision. Allowing this flexibility could allow servicers to get borrowers into an affordable mortgage payment faster, with less paperwork for both the servicer and the borrower. This provision would only be available for modifications that do not increase a borrower’s monthly payment and that extend the loan’s term by no more than 40 years from the modification’s effective date.
- **Keep borrowers informed of their options:** The CFPB also proposes temporary changes to certain required servicer communications to make sure that, during this crisis, borrowers receive key information about their options at the appropriate time.

The proposed rule would only apply to a mortgage loan that is secured by a property that is a borrower's principal residence. It would not apply to small servicers as defined in section 1026.41(e)(4) of Regulation Z. If finalized as proposed, the rule would be effective on August 31, 2021.

Comments will be accepted through May 10, 2021.

Source: CFPB

## FinCEN Works Toward New Beneficial Ownership Rule

[FinCEN has announced](#) an [Advance Notice of Proposed Rulemaking](#) (ANPRM) to solicit public comment on a wide range of questions related to the implementation of the beneficial ownership information reporting provisions of the Corporate Transparency Act (CTA).

This ANPRM is the first in a series of regulatory actions that FinCEN says it will undertake to implement the CTA, which is included within the Anti-Money Laundering Act of 2020 (AML Act). The AML Act is part of the FY 2021 National Defense Authorization Act, which became law on January 1, 2021.

The CTA amended the Bank Secrecy Act to require corporations, limited liability companies, and similar entities to report certain information about their beneficial owners (the individual natural persons who ultimately own or control the companies). FinCEN says the new reporting requirement will enhance the national security of the United States by making it more difficult for malign actors to exploit opaque legal structures to launder money, finance terrorism, proliferate weapons of mass destruction, traffic humans and drugs, and commit serious tax fraud and other crimes that harm the American people.

The CTA requires FinCEN to maintain the reported beneficial ownership information in a confidential, secure, and non-public database. Furthermore, the CTA authorizes FinCEN to disclose beneficial ownership information subject to appropriate protocols and for specific purposes to several categories of recipients, such as federal law enforcement. Finally, the CTA requires FinCEN to revise existing financial institution customer due diligence regulations concerning beneficial ownership to take into account the new direct reporting of beneficial ownership information.

Comments on the ANPRM should be submitted by May 5, 2021.

Source: FinCEN

## Articles of Interest

- [IRS has Refunds of More Than \\$1.3 Billion for 2017 Non-filers](#)
- [CFPB Warns Mortgage Servicers to Be Flexible with Beleaguered Homeowners](#)
- [Prepare for Severe Spring Weather with Tips You Can Share](#)
- [Register Now for Joint NCUA & FDIC Financial Education Webinar on April 27](#)

## CUNA's Advocacy Resources:

- [Happenings in Washington](#)

## WOCCU Advocacy Resources:

- [Telegraph](#) – the most recent newsletter on current advocacy issues

- [Advocate Blog](#) – International advocacy trends and issues

## Compliance Calendar

- May 31st, 2021: Memorial Day - Federal Holiday
- June 30th, 2021: [NACHA – Limitation on Warranty Claims](#)
- June 30th, 2021: [NACHA – Reversals](#)
- July 5th, 2021: Independence Day - Federal Holiday (observed)
- September 6th, 2021: Labor Day - Federal Holiday

## Purely Michigan



Hope – Spring buds

## MCUL Events & Training for 2021!

- [Virtual IRA Essentials & Advanced Workshop](#) (April 13 & 14)
- [Executive Insights to Make DEI Work in Credit Unions: A Four-Part Series](#) (April 15, 22, 30 and May 6)
- [Virtual Succession Planning](#) (Presented by DIFS with MCUL, April 28 & 29)
- [CU Supervisor Series](#)  
Day One: May 11 | Understanding Supervision  
Day Two: May 18 | Coaching in the Virtual World
- [Virtual BSA Workshop](#) (May 4 & 5)
- [Virtual CU Supervisory Series](#) (May 11 & 18)
- [Life Hack Your Marketing Department Webinar](#) (May 12)
- [Virtual CU Directors Conference](#) (May 12 & 13)
- [CUSG GRC Virtual Forum](#) (May 12, 19 & 26)

## MI Compliance and Advocacy News

### Compliance Network – Get Involved!

If you're interested in learning more about this great network of like-minded credit union compliance folks, please email [Tanis Campbell](#). She would love to get you signed up for the email listserv or know if you have any meeting topics that you would like to learn more about in 2021. She would also like to hear about any pandemic-related compliance issues or concerns that you are encountering. [Reach out to Tanis today!](#)

### Compliance Helpline Q&A: Billboard Ads and Incomplete Account Paperwork

**Question:** We are getting ready to launch a loan promotion and plan to do a billboard display. The billboard will not have an interest rate displayed. It will display “no payments for 90 days” with the webpage that has all the information. Our webpage will have full promo details and disclaimer so we are covered there but I can't imagine adding a full disclaimer on the billboard – is that required?

**Answer:** Truth in Lending does not have a provision for less information on a billboard, similar to what Truth in Savings does. So, whatever would typically be on a print advertisement would need to also be on the billboard. [Here is a great resource within InfoSight](#) that will assist you with more information related to your issue.

Additionally, CU Solutions Group offers a marketing review subscription service that will review your pieces for compliance based on your specific marketing needs. If you find you need more in-depth, compliance-related support check out [CU Solutions Group Strategic Advisory Solutions](#).

**Question:** We have a member who was in the process of updating her account/beneficiaries when she unexpectedly passed. The update was never completed and no beneficiaries were ever named. This was a membership that she owned as an individual. Her daughter has since come forward with trust documents naming her as successor trustee. The trust account was/is located at a different institution. She is claiming she's entitled to the funds here. Does she still need to provide personal rep documents to us? Again, we have NO membership under the deceased's trust.

**Answer:** If the trust had been named the beneficiary, this would be easy. However, if no beneficiary is named, it's our understanding that the account goes to probate. As cumbersome as that is for the trustee, the proper documentation wasn't established and therefore must go through the proper channels. There may be expedited ways for the trust to access the funds; however, you may wish to contact your CU's attorney for other potential solutions, if there are any.

*Have a compliance question?* Be sure to email the Helpline at: [ComplianceHelpline@mcu.org](mailto:ComplianceHelpline@mcu.org) and [here's a reminder of the compliance resources](#) available to you!

## Newsletter Sign Up

Would you like your own copy of the InfoSight newsletter? If you'd like to be added to, or removed from, the distribution list, click here: [Kathryn.Hall@mcu.edu](mailto:Kathryn.Hall@mcu.edu)