

InfoSight Highlight

Channel Update – Board Responsibilities

A new topic, [Property Casualty Insurance](#), has been added to the [Board Responsibilities Channel](#). Insurance provides indemnity against certain losses, protection against claims, and defenses in lawsuits. Since a credit union is legally a corporation, a judgment for damages against a credit union for accidents involving bodily injury and/or property damages may be enforced by court order to seize any or all of the credit union's assets to satisfy the judgment. Therefore, it is most important that every credit union have its own liability coverage.

Compliance News

NCUA: Laying a Strong Foundation for the Future

The NCUA Chairman Rodney E. Hood released a six-month progress report on his efforts since he took office. The [progress report](#) summarizes the NCUA's recent initiatives that continue the agency's regulatory reform agenda, as well as collaboration efforts and stakeholder engagement.

NCUA Extends Deadline to Qualify for Streamlined CDFI Application to November 30

The NCUA extended the deadline for federally insured, low-income credit unions that want to become certified Community Development Financial Institutions to apply for qualification to use the agency's streamlined CDFI certification process. This will be the final opportunity to take advantage of the streamlined certification process in 2019.

NCUA Posts Final Rule on Audits and Verifications

The NCUA published [\[84 FR 53303\]](#) a final rule amending its regulations governing the responsibilities of a federally insured credit union to obtain an annual supervisory committee audit of the credit union. The final rule implements recommendations outlined in the agency's Regulatory Reform Task Force's Regulatory Reform Agenda and will provide additional flexibility to FICUs. Specifically, the Board is: replacing the Supervisory Committee Guide with a simplified appendix to the part (12 CFR part 715); eliminating two audit types that FICUs seldom use; and eliminating a specific deadline for outside, compensated persons to deliver written audit reports to FICUs. The amendments to 12 CFR 715 will be effective January 6, 2020.

NCUA Posts Final Rule on FCU Bylaws

The NCUA Board published [\[84 FR 53278\]](#) a final rule to update, clarify, and simplify the federal credit union bylaws. The final rule updates and conforms the bylaws to legal opinions issued by the NCUA's Office of General Counsel and provides greater flexibility to federal credit unions (FCUs). The final rule also makes other changes that are designed to remove outdated or obsolete provisions. The rule, which amends NCUA regulations in 12 CFR parts 701 and 746, will be effective January 2, 2020.

CFPB: 2019 HMDA Platform Beta Testing Now Open

The Bureau announced the [beta release of the HMDA Platform](#) for data collected in 2019. The beta release provides financial institutions an opportunity to determine whether their sample LAR data comply with the reporting requirements outlined in the [Filing Instructions Guide for HMDA data collected in 2019](#).

The beta release of the HMDA Platform will allow financial institutions to use log-in credentials from the 2018 filing period or, if they have not previously filed data, establish log-in credentials, or; upload sample 2019 HMDA files and perform validation on their data; and receive confirmation that their test data was submitted. The Bureau will continue to add functionality to the beta HMDA platform during the testing period.

FinCEN Changing CTR Filing Instructions

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Compliance Calendar

October 27

NCUA Call Report for September 30, 2019 Cycle Due

October 31

*Form UC-B6, "Quarterly Wage Contribution & Employment & Training Assessment Report"
*Form 941, Employer's Quarterly Federal Tax Return

November 24

SAFE Act. – MLO Registration

November 30

New Employee Forms W-4 & HW-4

December 31

*Claim for Exemption: Real Property Assessment - County of Hawaii
*Claim for Exemption: Real Property Assessment - County of Maui

January 1, 2020

*HMDA Thresholds/Regulation C (CFPB)
*Risk-Based Capital (NCUA)

February 1, 2020

Updated URLA required for Fannie and Freddie

March 20, 2020

Increasing the Same Day ACH Dollar Limit (Effective Date)

June 30, 2020

Supplementing Data Security Requirements (Effective Date)

Compliance Training

FinCEN notified discrete and batch CTR filers of revised instructions for completing Part 1, item 2 of the CTR when a person conducts multiple transactions and more than one item 2 option applies to the conductor.

If more than one Item 2 option applies to a Part I person, a separate Part I section will be prepared on that person for each Item 2 option. For example, if the Part I person conducted a \$5,000 deposit into their personal account and a separate \$7,000 deposit into the account of another person/entity, there will be one Part I on that person reporting option 2a on the personal deposit with that amount and account number in Item 21 "Cash in amount". There will be a second Part I on that person reporting option 2b on the person/entity account transaction with that amount and account number in Item 21.

The change is being made because CTRs have been rejected without a 2c owner record and users of the CTR data are unable to fully understand the transactions being reported using current instructions. No changes are being made to the filing form (other than an instruction update for item 2). FinCEN has proposed a target date for updating its batch filing of October 1, 2019, with a mandatory effective date of February 1, 2020. [FAQ #16](#) has been updated to reflect these changes.

CMG RISK Alert: Fraudulently Funded IRA Accounts Causing Losses

Credit unions have incurred losses from large dollar counterfeit checks, purportedly issued by Fidelity Investments, to open and fund new IRA accounts. The funds are taken via cash withdrawals, requesting wires, and through cashier's checks. The counterfeit checks are being returned timely, causing credit union losses.

US-CERT:

- [Intel Releases Security Updates](#): Intel released security updates to address vulnerabilities in multiple products. An attacker could exploit some of these vulnerabilities to gain an escalation of privileges on a previously infected machine. The Cybersecurity and Infrastructure Security Agency (CISA) encourages users and administrators to review the Intel advisories and apply the necessary updates.
- [iTerm2 Vulnerability](#): The CERT Coordination Center (CERT/CC) released information on a vulnerability (CVE-2019-9535) affecting iTerm2, a macOS terminal emulator.
- [Microsoft Releases October 2019 Security Updates](#): Microsoft released updates to address multiple vulnerabilities in Microsoft software.
- [Apple Releases Security Updates](#): Apple released security updates to address vulnerabilities in multiple products. An attacker could exploit some of these vulnerabilities to take control of an affected system. The CISA encourages users and administrators to review the Apple security pages for the products and apply the necessary updates.
- [NSA Releases Advisory on Mitigating Recent VPN Vulnerabilities](#): The National Security Agency (NSA) released an advisory on advanced persistent threat actors exploiting multiple vulnerabilities in Virtual Private Network applications.
- [Microsoft Reports Cyberattacks on Targeted Email Accounts](#): The Microsoft Threat Intelligence Center (MSTIC) released a blog post describing an increase in malicious cyber activity from the Iranian group known as Phosphorus. These threat actors are exploiting password reset or account recovery features to take control of targeted email accounts.
- [Vulnerabilities Exploited in Multiple VPN Applications](#): The United Kingdom (UK) National Cyber Security Centre (NCSC) released an alert on advanced persistent threat (APT) actors exploiting vulnerabilities in Virtual Private Network (VPN) applications. The Cybersecurity and Infrastructure Security Agency (CISA) encourages administrators to review the NCSC [Alert](#) for more information and to review the security advisories and apply the necessary updates.
- [NCSC Releases Fact Sheet on DNS Monitoring](#): The Dutch National Cyber Security Centre (NCSC) has released a fact sheet on the increasing difficulty of Domain Name System (DNS) monitoring. NCSC warns that although modernization of transport protocols is helpful, it also makes it more difficult to monitor or modify DNS requests. These changes could render an organization's security controls ineffective.

October 15
[Mortgage Lending Hot Spots Series: Demystifying Rules for TRID Tolerances \(Webinar\)](#)

October 16
[Regulation E Series: Reg E Requirements for Debit Card Error Resolution: Processing, Disclosure & Investigation \(Webinar\)](#)

October 17
[POD Account Documentation, Compliance, Beneficiaries & Closing \(Webinar\)](#)

October 22
[Commercial Loan Annual Credit Review \(Webinar\)](#)

October 23
[Medallion & Signature Guarantee Risks, Rules & Best Practices \(Webinar\)](#)

October 24
[12 Key Elements of an Effective Digital Marketing Strategy \(Webinar\)](#)

October 26
[*Crime & Your Credit Union Workshop, Baldwin High School, Maui](#)
[*Stay Engaged & Strengthen Teams Workshop, Gather FCU, Kauai](#)

October 29
[Personal Accounts: Ownership, Authorization, Titling & Documentation \(Webinar\)](#)

October 30
[1099 Reporting: Foreclosures, Repossessions & Debt Settlements \(Webinar\)](#)

October 31
[New BSA Officer Training Part 2: Reviews, SARs, CDD, Technical Aspects & Real-Life Scenarios \(Webinar\)](#)

November 5
[Year-End Compliance Checklist \(Webinar\)](#)

November 6
[Top 10 Compliance Mistakes in Advertising \(Webinar\)](#)

November 7
[Understanding & Navigating ACH Rules for ODFIs \(Webinar\)](#)

- [IC3 Issues Alert on Ransomware](#): The Internet Crime Complaint Center (IC3) released an alert on ransomware threats to U.S. businesses and organizations. Ransomware is a type of malware designed to deny access to a computer system or data until a ransom is paid. Cyber criminals often infect organizations with ransomware through email phishing campaigns or exploiting vulnerabilities in software or Remote Desktop Protocol (RDP).
- [Microsoft Re-Releases Security Updates](#): Microsoft re-released security updates to address a vulnerability in Microsoft software. Updates are now available automatically via Windows Update or Windows Server Update Services. The CISA encourages users and administrators to review Microsoft Security Advisory for [CVE-2019-1367](#) and apply the necessary updates.
- [Cisco Releases Security Updates](#): Cisco released security updates to address vulnerabilities affecting multiple Cisco products. The CISA encourages users and administrators to review the [Cisco Event Response page](#) and apply the necessary updates.

Advocacy Highlight

[The Nussle Report](#)

The Nussle Report delivers CUNA's insights on key events and policy developments affecting credit unions. This report also provides a valuable window into CUNA's actions on behalf of member credit unions and reinforces the value of CUNA membership. Topics for this week include:

- CUNA leads credit unions through cybersecurity simulation
- [We need your help on NDAA](#)
- [Welcome new associate business members](#)
- CUNA CEO Council Conference a success
- 360-degree advocacy updates
- [CUNA accepting nominations for Board of Directors vacancies](#)
- [Join thousands of credit union folks in Washington D.C.](#)
- Reminder! Take the CUNA annual membership survey

[CUNA Advocacy Update](#)

The CUNA Advocacy Update keeps you on top of the most important changes in Washington for credit union's and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. Issues this week included:

- [ACTION ALERT: Oppose Section 2821 of the Senate NDAA bill](#)
- [CUNA hosted a ransomware cyber security exercise](#)
- [Senators introduced S. 2563, the Improving Laundering Laws and Increasing Comprehensive Information Tracking of Criminal Activity in Shell Holdings Act](#)
- [Letter pushes NCUA to increase appraisal threshold for residential real estate transactions](#)
- [CFPB announces new Credit Union Advisory Council members](#)

[Pending Regulatory Comment Calls](#)

The League encourages credit unions to use [PowerComment](#) to file comment letters with regulators on the items below. For more information regarding these proposals, please follow the links below:

- [Disparate Impact Rule due to HUD by October 10](#)
- [Home Mortgage Disclosure Act \(Reg C\) Data Points & Coverage due to the CFPB by October 15](#)
- [Home Mortgage Disclosure \(Reg C\) reporting thresholds due to CFPB by October 15](#)

Compliance Video

[Compliance Outlook S. 2155, Part 2](#)

Part Two: S. 2155 Economic Growth, Regulatory Relief, and Consumer Protection Act. This presentation is the second of our two-part update covering the changes resulting from the passage of S.2155 that may impact credit unions. Glory LeDu, League InfoSight CEO, provides a short breakdown for you.

Just a reminder that Compliance videos since 2014 can be found on YouTube at the [Compliance Connection channel](#), where they are generally updated quarterly.

- [*Federal Reserve actions to support Interbank settlement of faster payments due to FED by November 7*](#)
- [*Tech Sprints due to CFPB by November 8*](#)
- [*Truth in Lending \(Reg Z\) Annual Threshold Adjustments due to CFPB by January 1, 2020*](#)

If you have any questions or comments concerning this newsletter, please contact Dorie Fitchett, Regulatory Officer at dorie.fitchett@hcul.org, or directly @ 203.6412, or for neighbor islands toll-free @ 1.888.331.5646 ext. 412.