



July 2015

Dear CU PolicyPro Client,

TILA-RESPA Integrated Mortgage Disclosures - FINAL

Believe us, we would much rather be talking about something else in this edition of the CU PolicyPro Newsletter, but the Integrated Mortgage Disclosures are once again stealing the spotlight!

On July 21, 2015, the CFPB published their [final rule](#) related to the Integrated Mortgage Disclosures indicating a final effective date of **October 3, 2015**. Consistent with the original rule, **Credit Unions are not permitted to utilize the forms prior to that effective date**. Therefore, we would encourage Credit Unions to review the revised policies that were published last month to determine applicability for their Credit Union, along with the associated Board of Director approval, but to delay the implementation and use of those policies until the actual effective date of October 3, 2015.

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Monthly OPS Notes Release: Limitations on Terms of Consumer Credit Extended to Service Members and Dependents

On July 22nd, the Department of Defense announced a [final rule](#) amending its regulation that implements the Military Lending Act. The revised rule now applies to the following types of loans:

- Payday loans
- Vehicle title loans
- Refund anticipation loans
- Deposit advance loans
- Installment loans
- Unsecured open-end lines of credit
- Credit cards

Some of the protections under the rules include:

- 36% APR limit (including all interest and fees associated with the loan)
- Prohibition on certain requirements, mandatory arbitration, onerous legal notice requirements, waiving rights under the Service Members Civil Relief Act, are just a few.
- Changing the definition of credit to bring any closed and open-end loans within the scope of the regulation, except for loans secured by real estate or a purchase-money loan, including a loan to finance the purchase of a vehicle.

The new rule will go into effect on October 1, 2015; however, will have staggered compliance dates.

This edition of OPS NOTES was prepared by the Michigan Credit Union League.

Content FAQs

Question. If the Credit Union has a member who is currently in active duty and applies for a credit card, I understand the protections of the final rule apply. Would they still apply when the member is no longer in active duty?

Answer. No. According to the examples provided in 232.2(a)(2) of the final rule, even though the open-end line of credit was established while the member was considered a “covered member,” because they are no longer in active duty they are not considered a “covered borrower” and are no longer subject to the limitations under the final rule.

Question. We are a Federal Credit Union that offers a short-term, small dollar amount loan as a payday alternative. Is that loan now covered under the final rule?

Answer. Yes, it is. Within the definitions in 232.3(9)(t) there is a definition of short-term, small amount loan that is a closed-end loan subject to and made in accordance with Federal Law. It expressly limits the rate of interest that a Federal credit union or an insured depository institution may charge on an extension of credit, provided that the limitation set forth in the law is comparable to a limitation of an annual percentage rate of interest of 36%; and made in accordance with the terms of the applicable rule, provided that such rule contains a fixed numerical limit on the maximum maturity term (no longer than 9 months), and fixed numerical limit on any application fee that may be charged.

Content Updates – Reminder

Just a reminder that in June we released the second quarterly content update for 2015 for the CU PolicyPro Operations Manual - Update Version 2015.2.

The June update included **eighteen policy updates, and one new policy (7244 - Integrated Mortgage Disclosures).**

For more information about the updates, including a listing of the updated policies and next steps for your credit union, visit the [CU PolicyPro Support Site](#).

If you have any questions, please contact the CU PolicyPro support team at polycysupport@cusolutionsgroup.com.

Technical FAQ

Question. How often should a credit union's policies be reviewed by the Board?

Answer: Based on guidance from the NCUA's Examination Manual, in the section that addresses Management, the NCUA states that the credit union "should review and, if necessary, update those policies at least annually."

Based on this guidance, we recommend that the Board reviews all policies annually. All policies do not have to be reviewed at the same meeting; however, each policy should be reviewed at least annually.

If you need assistance, please contact the CU PolicyPro Support staff at polycysupprt@cusolutionsgroup.com.

Questions?

If you have any questions regarding the CU PolicyPro content, or questions on how to use the system, please contact polycysupport@cusolutionsgroup.com.

If this information was forwarded to you, and you'd like to be on the distribution list to receive information and updates related to CU PolicyPro, contact polycysupport@cusolutionsgroup.com.

Thanks and have a great week!