

|  |
| --- |
| **November 2016** |
| Dear CU PolicyPro Client,  With 2016 coming to an end, we wanted to use this newsletter as an opportunity to review some of the regulatory changes that will become effective in January 2017.  As we mentioned in the September newsletter, the **NCUA’s Member Business Lending rules** will change effective January 1, 2017.  In addition, one small piece of the CFPB’s revisions to the **Home Mortgage Disclosure Act (HMDA)** will become effective on January 1, 2017 and this may impact your credit union’s requirement to report and collect data.  We will address the HMDA amendment in more detail below. Please note that Model Policy 9200, Home Mortgage Disclosure Act - Regulation C, will be updated as part of the 4th Quarter 2016 updates (due out in late December).  Additionally, although not addressed specifically in a CU PolicyPro policy, we wanted to bring to your attention the [preliminary injunction](http://news.cuna.org/articles/111391-federal-judge-blocks-dol-rule-cuna-backs-delay?utm_source=real%5Fmagnet&utm_medium=Email&utm_campaign=112316%5Fcompblog%5Ftemplates) that delayed the Department of Labor’s rule that would have increased the minimum annual salary level for overtime exemption to $47,476 from $23,660.  This injunction keeps the current rule in place, so there is no longer a requirement for credit unions to comply by December 1st.  **In this edition:**   * Monthly OPS Notes Release: Debt Collection Practices * Content FAQ * Technical FAQ * Questions? |
| **Monthly OPS Notes Release: HMDA – January 1, 2017 Changes** |
| **Home Mortgage Disclosure Act (HMDA)**  In our November 2015 newsletter, we announced the CFPB’s finalization of the HMDA revisions.  We provided detail on the new data points that credit unions will be required to capture and report on beginning on **January 1, 2018**.  There are many additional changes that were made as a result of these HMDA amendments that we will continue to highlight for credit unions throughout the year.  However, there was a provision in the HMDA amendments that becomes effective this **January 1, 2017** that we want to make sure all credit unions are aware of.  ***Effective on January 1, 2017,*** the definition of a “financial institution” will change.  Credit unions will have an additional condition they have to meet in order to be deemed a “financial institution” and would therefore be required to HMDA report.  Below is the new definition (additional criterion identified in bold) of a financial institution:   1. On the preceding December 31st had assets in excess of the asset threshold established by the CFPB (for 2015 it was $44 million, we don’t have that threshold yet for 2016); 2. On the preceding December 31st had a home or branch office in a Metropolitan Statistical Area (MSA); 3. In the preceding calendar year, originated at least one home purchase loan (excluding temporary financing such as a construction loan) or refinancing of a home purchase loan, secured by a first lien on a one-to-four-family dwelling; 4. Is Federally insured or regulated; **AND** 5. ***In each of the two preceding calendar years, originated at least 25 home purchase loans, including refinancings of home purchase loans that are not otherwise excluded from regulation (1003.4(d)).***   So, with this new requirement under the definition, credit unions should evaluate their coverage.  If the credit union meets this definition, they will need to collect HMDA data for 2017.  The [CFPB](http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/) has also published quite a few resources for credit unions to utilize to gear up for compliance, including a [Small Entity Compliance Guide](http://files.consumerfinance.gov/f/201512_cfpb_hmda_small-entity-compliance-guide.pdf) and [Institutional Coverage Charts](http://files.consumerfinance.gov/f/201510_cfpb_2017-hmda-institutional-coverage.pdf). |
| **Content FAQs** |
| **Question:  In 2015 my credit union originated 15 mortgage loans and in 2016 the credit union originated 26 mortgage loans (including a few refinancings), we are not required to collect and report HMDA data in 2017, correct?**  **Answer:** Yes, that is correct!  If the credit union originated less than 25 home purchase loans in one calendar year and originated more in the subsequent year, the credit union would not be required to collect and report HMDA data for 2017 since the requirement is for the preceding ***two calendar years.***  **Question:  How am I calculating the “home purchase loans” to determine coverage?  I know the new HMDA rules are moving to a dwelling secured model and open-end lines of credit are included, but I didn’t think those took place until 2018.**  **Answer:** You are correct, that the HMDA “dwelling secured” model of coverage that becomes effective does include open-end lines of credit if they are secured by the dwelling.  However, those change do not become effective until January 1, 2018.  Therefore, beginning on January 1, 2017 for the credit union to determine their coverage, they will use the existing definition of “home purchase loan” which means “a loan secured by and made for the purposes of purchasing a dwelling.”  Keep in mind that a refinancing is also considered a home purchase loan and should be included in your calculation. |
| **Technical FAQs** |
| **Question: How can I add my existing policies to the CU PolicyPro manual?**  To add a policy from Word into the CU Policies manual, the content must be copied/pasted, regardless of whether it is in Word, Excel or PDF.  If the policy does not yet exist in the CU Policies manual, you must create it first. [Click here for instructions](http://leagueinfosight.com/files/infosight/34973/file/CUPolicyPro/FAQs/Adding%20Unique%20Policies.pdf).  To Copy/Paste from Word, we recommend either pasting the content in as plain text or using the “Paste from Word” icon. We recommend watching Segment 5, the “Paste from Word” tutorial in the [New User training video series](http://leagueinfosight.com/Training) for best practices for pasting from Word into CU PolicyPro.  Documents can also be uploaded in the CU Documents area, however, they will not be part of the CU Policies manual.  PDFs generally will lose most formatting when copied/pasted. Contact support at [policysupport@cusolutionsgroup.com](mailto:policysupport@cusolutionsgroup.com) for assistance if you have PDF content to be added to the CU Policies manual.  Excel files can be copied/pasted to the CU Policies manual, however, there can be formatting issues, especially for a wide spreadsheet. We recommend contacting support at [policysupport@cusolutionsgroup.com](mailto:policysupport@cusolutionsgroup.com) for assistance if you have Excel content to be added to the CU Policies manual.  If you have any questions or need more information, please don’t hesitate to contact our support staff at [policysupport@cusolutionsgroup.com](mailto:policysupport@cusolutionsgroup.com). |
| **Questions?** |
| 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, or if you have any questions regarding the CU PolicyPro content, or questions on how to use the system, please contact [policysupport@cusolutionsgroup.com](mailto:policysupport@cusolutionsgroup.com).  Thanks and have a great weekend! |