



February, 2018

Dear CU PolicyPro Client,

Last month in our newsletter, we reminded credit unions about the May 11, 2018 effective date of FinCEN's changes to customer due diligence requirements for legal entity members. However, there are a few other compliance effective dates before then that we wanted to highlight in this month's newsletter (see the OPS Notes section below).

Please keep in mind that corresponding changes (if required) will be released in our next CU PolicyPro update, scheduled for release at the end of next month.

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Monthly OPS Notes Release: Mortgage Servicing / Same Day ACH

[Mortgage Servicing Rule Amendments](#) – The second set of Mortgage Servicing changes impacting Regulation Z (TILA) and Regulation X (RESPA) become effective on **April 19, 2018**.

The two major changes associated with these amendments have to do with the credit union's identification and verification of Successors in Interest and the changes that will be required for periodic statements sent to members who are involved in bankruptcy.

Successors in Interest

TILA and RESPA both provide a definition of a "Successor in Interest." Generally speaking, it is a person or persons who inherit or take an ownership interest in property from someone upon death or divorce. The Mortgage Servicing rules clarify that credit unions should have proper procedures in place to make sure that when these individuals provide notice to the credit union, the credit union promptly reaches out to communicate and provide them with the information needed in order to verify their identity and ownership

interest. Once the credit union has confirmed the Successor in Interest, they will be required to provide the Successor in Interest with certain disclosures (as they would a borrower) under the mortgage servicing rules.

Confirmed Successors in Interest are treated as borrowers for purposes of the following provisions within the mortgage servicing rules:

- Escrow Accounts (1024.17)
- Mortgage Servicing (all of Subpart C of Regulation X); Disclosures include: General disclosure requirements, mortgage servicing transfers, timely escrow payments and treatment of escrow account balances, error resolution, requests for information, force-placed insurance, general servicing policies, procedures and requirements, **early intervention requirements for certain borrowers, *continuity of contact, *loss mitigation procedures;*
- Requirements regarding post-consummation events (1026.20);
- Prompt payment crediting and payoff statements (1026.36(c));
- Mortgage transfer disclosures (1026.39); **and**
- Periodic statement requirements (1026.41).

Certain rules only apply to a confirmed Successor in Interest **when the property is the confirmed Successor in Interest's principal residence. The determination of principal residence status will depend on the specific facts and circumstances regarding the property and applicable State law.*

Periodic Statements

There are significant periodic statement changes that are required for borrowers in bankruptcy and changes will be specific and dependent on the type of bankruptcy. Credit unions are encouraged to utilize the model forms provided within Appendix H-30 of Regulation Z to ensure compliance. Additionally, the CFPB provides [helpful tools](#) for credit unions that break down the different requirements to the periodic statement based on the type of bankruptcy.

[Same Day ACH – Phase 3](#) becomes effective on **March 16, 2018**. This final stage of the Same Day ACH process, will require credit unions who are Receiving Depository Financial Institutions (RDFIs) to make funds available from same day ACH credits by 5:00pm their local time (as opposed to the end of the processing day).

Content FAQs

Question: Does the credit union have to search for potential Successors in Interest if we haven't been notified of their existence?

Answer: No, the rules specifically indicate that the credit union is not required to search for potential Successors in Interest.

Question: Our credit union is a small servicer, are there any additional requirements that we have to comply with for the new mortgage servicing rules effective in April?

Answer: Credit unions who are small servicers will not have any additional requirements under the rules. However, they will have to comply with the following requirements in the mortgage servicing rules for Successors in Interest:

- Response to written/verbal requests from a person that indicates they may be a potential Successor in Interest.
- ARM Disclosures
- Prompt crediting and payoff statements
- Certain force-placed insurance provisions
- Error resolution and information requests
- Some loss mitigation provisions

Technical FAQ

What is the Primary Admin for CU PolicyPro?

The “Primary Admin” is not an access level per se, but a designation. One person at the credit union is designated as the Primary Admin, which provides the CU PolicyPro support staff a point of contact to notify when additional staff from the credit union register or request access to an existing CU PolicyPro manual. The Primary Admin designation can be changed by notifying the CU PolicyPro support staff.

If you need more information or have additional questions, please contact the CU PolicyPro support team at polycysupport@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 polycysupport@cusolutionsgroup.com.

Thanks and have a great week!