



Credit Union National Association

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601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | **PHONE:** 202-638-5777 | **FAX:** 202-638-7734

TESTIMONY
OF
TERRY WEST
PRESIDENT AND CHIEF EXECUTIVE OFFICER
VYSTAR CREDIT UNION
ON BEHALF OF THE
CREDIT UNION NATIONAL ASSOCIATION

BEFORE THE
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT
COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

HEARING
ON
“RISING REGULATORY COMPLIANCE COSTS AND THEIR IMPACT ON THE HEALTH
OF SMALL FINANCIAL INSTITUTIONS”
MAY 9, 2012



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Testimony of
Terry West
President and Chief Executive Officer
VyStar Credit Union
On behalf of the
Credit Union National Association
Before the
Subcommittee on Financial Institutions and Consumer Credit
Committee on Financial Services
United States House of Representatives
Hearing on
“Rising Regulatory Compliance Costs and Their Impact on the Health of Small Financial
Institutions”

May 9, 2012

Chairman Capito, Ranking Member Maloney, Members of the Subcommittee:

Thank you very much for the opportunity to testify at today’s hearing. My name is Terry West, and I am President and Chief Executive Officer of Vystar Credit Union, a state chartered credit union with total assets of \$4.7 billion, headquartered in Jacksonville, Florida, serving 413,000 members. I am testifying today on behalf of the Credit Union National Association, the largest credit union advocacy organization in the United States, representing nearly 90% of America’s 7,200 state and federally chartered credit unions and their 95 million members.

Credit unions greatly appreciate the opportunity to testify at the series of hearings you have held on regulatory burden and examination issues over the last several months. As CUNA has said before, credit unions face a crisis of creeping complexity with respect to regulatory burden. It is not just one new law or revised regulation that challenges credit unions but the cumulative effect of regulatory changes. This is not a new phenomenon. It certainly was not directly caused by the enactment of the Dodd-Frank Act; however, as the Bureau of Consumer Financial Protection (CFPB) continues to promulgate and review the regulations under its jurisdiction as required by the Dodd-Frank Act and other statutes now subject to its jurisdiction, there will likely be hundreds of additional changes credit unions will be required to make, notwithstanding the fact that everyone agrees that credit unions did not cause or contribute to the financial crisis.

The Effect of Compliance Costs on Credit Union Resources, Lending and Consolidation

In the invitation letter, you asked me to discuss the resources and staff I devote to complying with federal financial regulation, and how this compares to years prior to the crisis. The letter further asked me to discuss how lending and other lines of business are affected, if more resources are devoted to compliance, and, the impact on industry consolidation.

The frequency with which new and revised regulations have been promulgated in recent years and the complexity of these requirements is staggering. Since 2008, we estimate that credit unions have been subjected to in excess of 120 regulatory changes from at least 15 different federal agencies, a list of which has been attached to this testimony. The burden of complying with ever-changing and ever-increasing regulatory requirements is particularly onerous for smaller institutions, including credit unions. This is because most of the costs of compliance do not vary by size, and therefore proportionately are a much greater burden for smaller as opposed to larger institutions. If a smaller credit union offers a service, it has to be concerned about complying with most of the same rules as a larger institution, but can spread those costs over a much smaller volume of business.

Today there are nearly 1,000 credit unions operating in the U.S. with one or fewer full-time equivalent employees. Nearly one-half of the nation's 7,200 credit unions operate with just five or fewer full-time equivalent employees. Anecdotally, many of these folks tell us they put in 70- and 80-hours a week trying to keep up with regulations and the constant barrage of regulatory changes. Not surprisingly, smaller credit unions consistently say that their number one concern is regulatory burden. Difficulties in maintaining high levels of member service in the face of increasing regulatory burden are undoubtedly a key reason that roughly 300 small credit unions merge into larger credit unions each year.

Every dollar a credit union spends complying with these changes is a dollar that is not spent to the benefit of credit union members. Because credit unions are member-owned financial cooperatives, the entire cost of compliance is ultimately borne by credit union members. Greater compliance costs reduce net income, which is credit unions' only source of net worth.

While increased compliance costs will not drive credit unions into immediate insolvency, it will reduce, on the margin, the protective cushion provided by capital, leaving credit unions less resilient during the next big financial shock.

Assigning a dollar figure on the cost of compliance with ever-changing regulations is impossible. When a regulation is changed, there are certain upfront costs that must be incurred: staff time and credit union resources must be applied in determining what is necessary in order to comply with the change; forms and disclosures must be changed; data processing systems must be reprogrammed; and staff must be retrained. It also takes time to discuss these changes with credit union members, and at times members get frustrated because of the change. The ongoing costs of doing business in a manner that complies with the new regulation, compared to how it was conducted previously, is more challenging to measure. Trying to survey credit unions on compliance costs would be just another burdensome request – no one has been able to convince us that trying to spend valuable time to quantify compliance costs will have any positive impact in actually reducing our compliance burden. We can tell an agency how much it costs us to mail one disclosure statement, but I can't imagine trying to quantify all the direct and indirect costs associated with developing, maintaining, completing, storing, revising, explaining, training, and everything else surrounding that disclosure statement. The best way to characterize compliance costs is: "Always increasing, never decreasing."

Monitoring the Cumulative Effect of Regulatory Burden

In the invitation letter you also asked me to discuss the efforts on the part of federal financial regulatory agencies to examine the cumulative effect of regulatory burden on small financial institutions. Simply put, there have been no efforts to examine the cumulative effect of regulatory burden. The credit union prudential regulator, the National Credit Union Administration (NCUA), has told us over the years, essentially, "we will do what we can with respect to our regulations, but we can't do anything about regulatory requirements imposed on credit unions by other agencies." If each agency takes this same approach, and no one has as its responsibility to take into consideration the cumulative effects of regulation, then the role of Congress in this regard is that much more important. This hearing and others like it are critical

because they keep the spotlight on the plight of small institutions whose most significant concern today is how to keep up with the changes.

The CFPB Should Aggressively Use Section 1022(b)(3) of the Dodd Frank Act

The latest surge of regulatory changes largely responds to issues that caused or contributed to the recent financial crisis. It was the actions of the larger bank and non-bank institutions which created the need for more regulation. Credit unions find it particularly galling that they were not the source of the problem, and are very consumer-oriented; yet, they continue to be disproportionately harmed by the resulting compliance burdens.

We believe one of the reasons that Congress gave the CFPB the authority under Section 1022(b)(3) of the Dodd-Frank Act to exempt classes of entities from its rules is to help address the disparity in compliance burden. We encourage the Subcommittee to closely monitor the rules that the CFPB has under consideration and urge the Bureau to exercise this authority with alacrity.

In public statements, CFPB representatives indicate that they understand this disparity. Steve Antonakes, CFPB Assistant Director for Large Bank Supervision, said in the March/April edition of the American Banker Association Bank Compliance magazine, “I can understand why (rulemaking) is a reason for consternation... To me, it’s incumbent upon us to keep all institutions in mind when we write rules, and not be solely focused on the large institutions. I think the goal of the Bureau is to be smart in its rulemaking and see where we can actually improve disclosure while reducing costs. That’s the sweet spot that we’re shooting for.”

He added, “We are very conscious of the fact that if we proceed with a rule that significantly increases costs disproportionately for smaller institutions, then that conceivably leads to consolidation. That ultimately reduces choice for consumers. If what we do results in

reduced choice, then we see that as directly in conflict with what our mission is—protecting consumers.”¹

Credit unions are hopeful that Mr. Antonakes’s words hold true as the CFPB begins its rulemaking; however, we fear that, despite the best of intentions, the gargantuan task of designing far reaching and important new regulations for large institutions will leave insufficient time and attention to ensuring that those new rules do not harm smaller institutions. Credit unions’ skepticism is understandable, especially considering the possible ramifications of the first and only substantive regulation that the CFPB has issued that applies to credit unions.

Required by Section 1073 of the Dodd-Frank Act and effective in February 2013, this regulation imposes a series of new requirements on those entities making international remittance transfers. Basically, the regulation requires a “remittance transfer provider” that sends international wire or ACH transfers in the “normal course of business” for consumers to a recipient in a foreign country to comply with very detailed rules. Until now, few credit unions would have ever considered themselves to be “remittance transfer providers,” believing this term would cover companies such as Western Union or MoneyGram.

Let me give you some idea of what VyStar will be required to do to comply. We currently originate about 140-160 international wire transfers a month. We are fortunate because we already have a software system that contains the exchange rate but we will need to review if other data processing changes are needed. We will need to revise forms to incorporate the receipt requirements. We will need to put into place the specific error resolution process required by the regulation, and conduct staff training. Obviously, staff in several departments is thoroughly analyzing what needs to be changed, even though our members haven’t had problems with their international wire transfers.

Under the final regulation, any credit union that provides this service to members will have to comply. Surprisingly, at the same time the Bureau issued the final regulation (which was

¹ Kelly, Joseph M. “CFPB Spotlight,” ABA Bank Compliance. March-April 2012. 11.

116 pages of text and explanation in the *Federal Register*), it issued a proposal to define a key term, “normal course of business.” The agency proposed a definition that would say any credit union that makes 25 or fewer international remittances a year would not be considered a “remittance transfer provider.” Credit unions were surprised at the very low number proposed, which would only help a very, very small number of institutions.

Many credit unions have said they will simply stop providing this service to their members because of the burden of complying with this new remittance regulation. CUNA has urged them to wait to make that decision until the final regulation is issued. We are pleased that the Bureau is using the exemption authority provided by the Dodd-Frank Act. However, the Bureau has authority to make the exemption effective and we hope that the Bureau will not adopt a meaningless 25 transfer level. CUNA originally urged a 2,400 annual transfer threshold for coverage, which was rejected, and we are now asking that a credit union may make at least 1,000 transfers a year before being subject to this burdensome regulation.

Credit unions subject to or exempted from the regulation will not be determined so much by their asset size but rather by their field of membership, that is, those people whom they are chartered to serve. A major part of VyStar’s membership is military personnel, civil service personnel and their family members who will want to initiate international wire transfers from their accounts. A credit union can be very small and serve, for instance, an immigrant population who will also want such a service. Time and again, the CFPB and members of Congress have acknowledged that credit unions do a good job providing services to their members, and it is a shame when a regulation imposes such a burden that a credit union has to either raise the fee for providing the service or discontinue the service.

We hope that this subcommittee will convey to the CFPB your expectation that the general exemption authority provided in the Dodd-Frank Act will be used by the Bureau not only to end up with a reasonable international remittance regulation but also to be seriously considered throughout the long process ahead of putting the innumerable mortgage lending regulations dictated by the Dodd-Frank Act, and other rules the Bureau may consider, into place.

There is No End in Sight

Congressional oversight of the agency rulemaking process is critical, and it is very important that the subcommittee engage in this effort at the beginning of the rulemaking process. There have been a number of cases in recent years when regulators have decided to revise a particular regulation immediately after a regulation has been finalized or other regulatory changes have just been implemented. This means that resources credit unions put into complying with the first regulatory change are lost, and additional resources must be applied to comply with the even newer changes. And it is **changes** to regulation that constitute some of the most significant costs of compliance. It is critical that Congress exercise its oversight function of the regulatory agencies with extraordinary diligence to help assure a rational regulatory process occurs.

Two areas in which this phenomenon of continually changing regulations has – and continues -- to play out are with credit card and mortgage lending regulations. Attached to this testimony are timelines of recent regulatory proposals in both these areas. As you consider the impact of these regulations on smaller financial institutions, it is critical that you keep in mind that while the bulk of a credit union's compliance costs occur after the rule is finalized, credit unions do take steps during the rulemaking process to understand what is being proposed, consider what steps they will need to implement the proposals under consideration, determine how each a proposed and final rule may impact the credit union and its members, and hopefully provide input into the regulatory proposal process. All this requires staff resources and often legal or consulting resources that could otherwise be used to providing membership service.

Battered by the volume of regulatory changes which have taken place over the last three years, credit unions are bracing for the next wave which will occur once the CFPB hits its stride. While the CFPB has and continues to reach out to solicit input from credit unions, and its leadership is complimentary of credit unions and their business model, if the remittance rule is any indication, credit unions correctly have significant concerns with what may lay ahead in terms of regulatory changes with which they will be forced to comply.

Next month the CFPB has announced that it expects to finalize the “ability to repay” regulations required by the Dodd-Frank Act which raises concerns on how the definition of “qualified mortgage” will impact mortgage lending programs. In the coming months, we expect the CFPB to proceed with rulemaking in a number of areas that will impact credit unions, including:

- TILA/RESPA Mortgage Disclosure Integration
- Mortgage servicing
- Disclosure rules and protections for certain high cost mortgage loans
- Mortgage originator standards
- Requirements for escrow accounts
- Supervision of larger depository institutions and their affiliates (which impacts only the three largest credit unions subject to the bureau’s direct supervision)
- Business lending data
- Home Mortgage Disclosure Act
- Registration and supervision of certain nondepository covered entities
- Appraisals
- Credit card fee limitations

In the interest of brevity, I will discuss only the potential impact of the first two bulleted items, the reconciliation of TILA and RESPA requirements and the anticipated mortgage servicing rule change, may have on credit unions.

One of the much hailed benefits of the Dodd-Frank Act is the potential to reconcile and consolidate TILA and RESPA disclosure requirements. Certainly, elimination of redundancies is welcomed, and CUNA supports this effort. Nevertheless, the reconciliation of TILA and RESPA requirements is a good example of how even an attempt to reduce regulatory burden can represent a significant cost to those required to comply.

When the regulation is final, we will have to work with our vendors to design and produce forms which are compliant; our forms may require customization, which will cost more and for which our vendor may not provide a warranty or guarantee of compliance. This means we will have to engage legal counsel to review our vendor contracts, our actions and disclosures to ensure we are in compliance. We will have to update our software products – and there are multiple products involved. And, we will have to train all affected personnel. This is on the heels of going through form changes to our existing good faith estimate form which were

required by amendments to the Real Estate Settlement Procedures Act's regulation that were effective in January of 2010.

In the long run, credit unions and their members will benefit from seeing these requirements consolidated; however, in the short term, it will just add to the increased compliance costs credit unions face.

There is no end in sight for changes impacting credit unions' mortgage loan programs. The CFPB recently announced it would proceed to make several changes affecting mortgage servicing. Specifically, the CFPB has announced it is considering a rule which would require significant changes to monthly mortgage statements. The CFPB has also indicated it is considering rules that would require earlier disclosures before the interest rate changes on most adjustable-rate mortgages, earlier communication before borrowers are charged for force-placed insurance, and a requirement that servicers make a good-faith effort to contact delinquent borrowers and notify them of their options to help avoid foreclosure. The CFPB further anticipates rules requiring servicers: to post to borrowers' accounts the day they receive payment; to establish information-management policies to minimize errors and help with quick corrections; and to provide delinquent borrowers with direct, ongoing access to staff who are dedicated to servicing troubled borrowers.

These endeavors are all well-intentioned, and we recognize are mandated by the Dodd-Frank Act; however, each will require a change in procedures, forms, disclosures, and training by credit unions which are less likely to foreclose on a member's mortgage loan than a bank or non-bank financial provider, more likely to work with the member to avoid foreclosure, and more likely to already provide clearer disclosures than many of our competitors. Furthermore, because the average credit union's staff is very small, we question whether most credit unions would be able to comply with a rule requiring them to dedicate staff to service troubled borrowers despite the fact that credit unions are more likely to work with their members in difficulty than other financial institutions – it is in their interest to do so because the member is not just a customer but also an owner of the credit union. The not-for-profit structure motivates credit unions to

focus on what's best for the member as opposed to a for-profit model that motivates banks to generate profits for shareholders.

Before I close, let me mention two other examples in the last three years where credit unions have had to make major overhauls to their products and services due to regulatory changes but that the CFPB is expected to revisit. The Bureau made it clear when it first was established last summer that reviewing credit card disclosures will be a high priority. As our third attachment shows, credit unions and other card issuers have been through several major regulatory changes in credit card disclosures and restrictions just in the last three years – producing a lot of understandable confusion and questions for members as well as credit union staff. Facing the prospect that these rules could be changed again in the near future has understandably frustrated many credit unions. Even minor changes in credit card rules require new forms, re-programming of data processing systems and staff resources, which equals costs, which we have noted will be borne disproportionately on the small institutions which have not caused the problem. And, as I have previously noted, these costs are ultimately borne by credit union members.

Credit unions have been equally dismayed to learn that the bureau is starting a review of overdraft protection programs. Major regulatory changes have been made in recent years to address concerns, but more changes seem likely. Credit unions work with their members to offer various types of overdraft programs. These include programs that feature transfers from another account of the consumer at the credit union as well as ones that cover items that would otherwise be unpaid and charge the member a fee that is vernaly the equivalent of an NSF fee. Credit unions do not entice their members to overdraw their accounts and work with their members continually to ensure members avoid overdrafts whenever possible. Credit unions simply do not need any new regulations in this area and we urge this Subcommittee to help us communicate that message to the CFPB.

When credit unions are providing good services and safe products to their members, they should not be subjected to additional compliance burdens because others in the industry are not adequately protecting their customers. The incentive structure at a credit union is much different

than at a for-profit financial institution. Because the members own the credit union, management has considerable incentive to work closely with members, provide clear information, and help members when they are in need. When an unnecessary, duplicative or otherwise overly burdensome rule is applied to credit unions, the cost of complying may be reflected in the interest rates or fee for the member who uses that service, but it is often borne by the entire credit union membership.

While much of this testimony focused on regulations under the Dodd-Frank Act, credit unions have also had concerns about regulations from the National Credit Union Administration. Two proposals in particular have caused significant worries on the part of credit unions: a pending rule to limit loan participations and one to provide greater oversight authority to the agency on credit union service organizations. The agency has indicated that it is reviewing concerns about these proposals and is considering changes to minimize the impact of these proposals on credit unions. CUNA has communicated with the agency on a number of occasions its concerns about these proposals. CUNA will continue to advocate for improvements in these proposals and as invited, will be following up with this Subcommittee.

Conclusion

As this statement demonstrates, credit unions are anxious about the prospect of a range of new regulations from the CFPB. We are working hard to ensure that the agency is well informed about credit union concerns and how its proposals would affect our credit union members. We commend the CFPB for its efforts to involve CUNA and credit unions in dialogue sessions that discuss developing issues. This approach is a model that other agencies should adopt. The CFPB has also included credit unions on panels it has held around the country on various issues and this has provided important venues for credit unions to reinforce the distinctions between them and for-profit institutions.

We have and will continue to strongly urge the CFPB to consider using its statutory authority to exempt from its regulations certain products or classes of financial institutions or

establish transaction thresholds when appropriate. And, we hope the Subcommittee will do the same.

On behalf of America's credit unions and their 95 million members, thank you very much for the opportunity to testify at today's hearing. I am pleased to answer any questions that you may have.

Attachment 1

Finalized Federal Regulatory Changes Applicable to Credit Unions (Since January 1, 2008)

Regulatory Change	Effective Date	Agency
1. FEMA Flood Map Changes	1/1/2008	FEMA
2. Annual Electronic Filing Requirement For Small Tax Exempt Organizations – Form 990-N	1/1/2008	IRS
3. IRS Form 990 Instructions - New Reporting Form	1/1/2008	IRS
4. IRS Redesign Form 990	1/1/2008	IRS
5. Final Rules On Transaction Origin Identification	2/25/2008	NACHA
6. Disclosures for Subprime Mortgage Loans	5/29/2008	NCUA
7. CAN-SPAM Act Rules	7/7/2008	FTC
8. Hope for Homeowners Program for Subordinate Lienholders	10/1/2008	FHA
9. Use of Fair Value in an Inactive Market	10/10/2008	FASB
10. Share Insurance Signs to Reflect Increased Limits	10/22/2008	NCUA
11. Official Advertising Statement	10/31/2008	NCUA
12. Incidental Powers	11/21/2008	NCUA
13. Share Insurance Signs for Shared Branching	11/21/2008	NCUA
14. Amendments to the Impairment Guidance of EITF Issue No. 99-20	12/15/2008	FASB
15. PCA: Amended Definition of Post-Merger Net Worth	12/31/2008	NCUA
16. Criteria to Approve Service to Underserved Areas	1/2/2009	NCUA
17. Interim Final Rule on Hope for Homeowners Program	1/7/2009	FHA
18. Final RESPA Rule	1/16/2009	HUD
19. Unlawful Internet Gambling	1/19/2009	FED
20. Share Insurance Signs for Shared Branching	4/1/2009	NCUA
21. RegFlex Changes for Unimproved Land	4/27/2009	NCUA
22. Technical Changes to the FACT Act "Red Flags"	5/14/2009	NCUA
23. Fair Value: Decrease in Market Activity/Transactions That Are Not Orderly	6/15/2009	FASB
24. Recognition and Presentation of Other-Than-Temporary Impairments	6/15/2009	FASB
25. Restructuring of Federal Reserve's Check Processing Operation: Districts 10, 11, and 12	6/20/2009	FED
26. Fed Rule Authorizing Excess Balance Accounts and Earnings on Balances	7/2/2009	FED
27. Fed Rule Authorizing Pass-through Accounts and Adjusting the Limitation on Savings Account Transfers	7/2/2009	FED
28. Restructuring of Federal Reserve's Check Processing Operation: Districts 6 and 8	7/19/2009	FED

Regulatory Change	Effective Date	Agency
29. Restructuring of Federal Reserve's Check Processing Operation: Districts 4 and 9	7/25/2009	FED
30. Revisions to Regulation Z Mortgage Loan Disclosures	7/30/2009	FED
31. Credit Union Reporting	9/1/2009	NCUA
32. Restructuring of Federal Reserve's Check Processing Operation: Districts 4 and 7	9/12/2009	FED
33. Regulation Z Disclosures for Private Student Loans	9/14/2009	FED
34. Regulation Z Rule Implementing the CARD Act	9/21/2009	FED
35. Amendments to the Home Mortgage Provisions of Regulation Z	10/1/2009	FED
36. Restructuring of Federal Reserve's Check Processing Operation: Districts 11 and 12	10/17/2009	FED
37. Restructuring of Federal Reserve's Check Processing Operation: District 4	10/18/2009	FED
38. Restructuring of Federal Reserve's Check Processing Operation: District 6	10/18/2009	FED
39. Election of Federal Home Loan Bank Directors	11/6/2009	FHFA
40. Restructuring of Federal Reserve's Check Processing Operation: Districts 11 and 12	11/14/2009	FED
41. Share Insurance Coverage for Revocable Trust Accounts	11/30/2009	NCUA
42. Temporary Increase in SMSIA; Display of Official Sign; Coverage for Mortgage Servicing Accounts	11/30/2009	NCUA
43. Restructuring of Federal Reserve's Check Processing Operation: District 3	12/12/2009	FED
44. Exceptions to the Maturity Limit on Second Mortgages	12/24/2009	NCUA
45. Overdraft Protection Disclosures	1/1/2010	FED
46. Revisions to Regulation S	1/1/2010	FED
47. Operating Fees	1/1/2010	NCUA
48. Truth in Savings Rule for Overdraft Protection and Electronic Disclosures	1/1/2010	NCUA
49. NCUSIF Premium and One Percent Deposit	1/4/2010	NCUA
50. Federal Home Loan Bank Membership to Include Non-Federally Insured CDFI Credit Unions	2/4/2010	FHFA
51. Expansion of Special Information Sharing Procedures To Deter Money Laundering and Terrorist Activity	2/10/2010	FinCEN
52. Regulation Z Disclosures for Private Student Loans	2/14/2010	FED
53. Regulation Z Rule Implementing the CARD Act	2/22/2010	FED
54. Consolidation of Federal Reserve's Check-Processing Operations	2/27/2010	FED
55. Interagency Policy Statement on Funding & Liquidity Risk Management	5/21/2010	NCUA
56. Establishment of Term Deposits at Federal Reserve Bank	6/4/2010	FED

Regulatory Change	Effective Date	Agency
57. Direct Access Registration Requirement	6/18/2010	NACHA
58. Risk Management and Assessment	6/18/2010	NACHA
59. Final Rules for Student Loans	7/1/2010	ED
60. Regulation Z Open-end Credit Final Rule	7/1/2010	FED
61. Regulation E Final Rule for Overdraft Protection Plans	7/1/2010	FED
62. FACT Act Rules and Guidelines on the Accuracy of Credit Information	7/1/2010	FTC
63. FACT Act Rules and Guidelines on the Accuracy of Credit Information	7/1/2010	NCUA
64. NCUA Final Rule on Unfair and Deceptive Practices for Credit Cards	7/1/2010	NCUA
65. Disclosures for Non-federally Insured Credit Unions	7/6/2010	FTC
66. Chartering and Field of Membership (FOM): Community Credit Unions	7/26/2010	NCUA
67. FedACH SameDay Service	8/2/2010	FED
68. Low-Income Definition	8/5/2010	NCUA
69. Payments Made in Settlement of Payment Card and Third-Party Network Transactions	8/16/2010	IRS
70. Final Rule Implementing the CARD Act Provisions for Penalty Fees and Rate Reviews	8/22/2010	FED
71. Regulation E Rules for Gift Cards	8/22/2010	FED
72. Display of Official Sign; Permanent Increase in Standard Maximum Share Insurance Amount	9/2/2010	NCUA
73. Clarifications of Reg E and Reg DD Overdraft Rules	9/7/2010	FED
74. Clarifications on Reg DD Overdraft Protection Rules	9/7/2010	NCUA
75. SAFE Act	10/1/2010	NCUA
76. FHA Risk Reduction Final Rule	10/4/2010	HUD
77. Reverse Mortgage Guidance	10/18/2010	NCUA
78. RegFlex Program Changes	10/25/2010	NCUA
79. Short-Term, Small Amount Loans	10/25/2010	NCUA
80. Extension of CARD Act Effective Date for Gift Cards	11/29/2010	FED
81. Conversions of Insured CUs: Definition of Regional Director	12/23/2010	NCUA
82. Model Privacy Notices	12/31/2010	NCUA
83. FACT Act Risk-Based Notice Rule	1/1/2011	FED
84. Consumer Notification of Mortgage Loan Sales or Transfers	1/1/2011	FED
85. Notice Regarding Charges Permitted Under the FCRA	1/1/2011	FTC
86. Mobile ACH Payments	1/1/2011	NACHA
87. Confidentiality of Suspicious Activity Reports	1/3/2011	FinCEN
88. Corporate Credit Union Rule	1/18/2011	NCUA
89. IRPS 11-1 Supervisory Review Committee	1/20/2011	NCUA

Regulatory Change	Effective Date	Agency
90. Fiduciary Duties at Federal Credit Unions, and Mergers and Conversions of Insured Credit Unions	1/27/2011	NCUA
91. Interim Final Rule on Disclosures Required under the Mortgage Disclosure Improvement Act	1/30/2011	FED
92. Extension of CARD Act Gift Card Rules	1/31/2011	FED
93. Conversions of Insured Credit Unions: Definition of Regional Director	3/14/2011	NCUA
94. Corporate Credit Unions: Technical Corrections	3/23/2011	NCUA
95. PCA: Amended Definition of “Low-Risk Assets	3/23/2011	NCUA
96. Garnishment of Accounts Containing Federal Benefit Payments	3/24/2011	Treasury
97. Amendment to BSA Regulations: Reports of Foreign Financial Accounts	3/28/2011	FinCEN
98. IRPS: Chartering Corporate Federal Credit Unions	3/28/2011	NCUA
99. Interim Final Rule on Appraisal Independence	4/1/2011	FED
100. Loan Compensation and “Steering” of Loans	4/1/2011	FED
101. Temporary Minimum Capital Increase for FHFA Regulated Entities	4/4/2011	FHA
102. Technical Correction - Golden Parachute and Indemnification Payments	6/24/2011	NCUA
103. Temporary Unlimited Share Insurance for Noninterest-bearing Transaction Accounts	6/24/2011	NCUA
104. Golden Parachute and Indemnification Payments	6/27/2011	NCUA
105. Consumer Financial Rules to be Enforced by the CFPB	7/21/2011	CFPB
106. Regulation D Interim-Final Rule Implementing the Alternative Mortgage Transaction Parity Act	7/22/2011	CFPB
107. Sample Income Data to Meet the Low-income Definition	7/25/2011	NCUA
108. Remittance Transfers Interim Final Rule	7/27/2011	NCUA
109. Technical Corrections & Clarifying Amendments to RESPA Regulations	8/10/2011	HUD
110. Fair Credit Reporting Risk-Based Pricing (Credit Score Disclosures)	8/15/2011	FED
111. Regulation B - Equal Credit Opportunity Act (Credit Score Disclosures)	8/15/2011	FED
112. Mortgage Acts & Practices - Advertising Rule	8/19/2011	FTC
113. SAFE Mortgage Licensing Act: Minimum Licensing Standards and Oversight Responsibilities	8/29/2011	HUD
114. CARD Act Clarifications	10/1/2011	FED
115. Debit Interchange Fee and Routing Regulations (Regulation II)	10/1/2011	FED
116. Federal Reserve Board’s Interim Final Rule on the Interchange Fee Fraud-Prevention Adjustment	10/1/2011	FED
117. NCUA Net Worth & Equity Ratio	10/31/2011	NCUA

Regulatory Change	Effective Date	Agency
118. Notification of Employee Rights under the National Labor Relations Act	11/14/2011	Labor
119. NCUA Remittance Transfers Rule	11/30/2011	NCUA
120. Low-Income Designation – Technical Amendment	12/23/2011	NCUA
121. Accuracy of Advertising and Notice of Insured Status	1/1/2012	NCUA
122. Corporate Credit Union Rule – Technical Amendment	1/23/2012	NCUA
123. Corporate Credit Union Follow-up Rule	5/31/2012	NCUA
124. Amendments to Regulation D	7/12/2012	FED
125. NCUA Interest Rate Risk Policy and Program Final Rule	9/30/2012	NCUA
126. Guidance on Troubled Debt Restructurings	12/15/2012	FASB
127. Remittance Transfers Final Rule	2/7/2013	CFPB

Attachment 2

AN OVERVIEW OF NUMEROUS FEDERAL REGULATIONS THAT HAVE BEEN PROPOSED, FINALIZED, AMENDED, RE-PROPOSED, CLARIFIED AND ARE YET-TO-COME THAT IMPACT MORTGAGE LENDING COMPLIANCE (SINCE MAY 2009)

May 2009: The Federal Reserve Board (Fed) finalized the regulations to implement the Mortgage Disclosure Improvement Act of 2008 (MDIA)

June 2009: Federal agencies proposed regulations to implement the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) to require the registration of mortgage loan originators

Aug. 2009: Fed proposed a comprehensive revision of the Truth in Lending Act (TILA) regulations for closed-end mortgages and home equity lines of credit (HELOCs)

Aug. 2009: Department of Housing and Urban Development (HUD) issued clarifications about instructions on how to complete the new Real Estate Settlement Procedures Act (RESPA) forms

Nov. 2009: Fed issued an interim regulation to require notice when a HELOC or closed-end mortgage loan is sold or transferred

Jan. 2010: HUD's revised RESPA regulation on the HUD-1 and good faith estimate forms became effective, and the agency issued further clarifying information on how to comply

April 2010: HUD issued additional clarification on the new RESPA requirements (and did so quarterly for the next year)

Aug. 2010: Federal agencies issued final SAFE Act regulations

Aug. 2010: HUD issued a revised settlement cost booklet

Sept. 2010: Fed issued a final regulation to require notice when a HELOC or closed-end mortgage loan is sold or transferred

Sept. 2010: Fed issued interim MDIA regulations to revise the disclosure requirements for closed-end mortgage loans

Sept. 2010: Fed issued final regulations on loan originator compensation practices for closed-end mortgage loans

Sept. 2010: Fed issued proposed revisions to escrow account requirements for “jumbo” closed-end mortgage loans

Sept. 2010: Fed issued proposed regulations to require enhanced consumer protections and disclosures for closed-end mortgage loans

Oct. 2010: Fed issued interim regulations on appraisal standards

Dec. 2010: Federal agencies issued appraisal and evaluation guidelines

Dec. 2010: Fed issued clarifications to its September interim MDIA regulations

Jan. 2011: SAFE Act registration process was finalized (initial registration required by July 2011)

Feb. 2011: Fed announced that it would not finalize three pending mortgage lending regulations (the two proposed rules issued in August 2009 for closed-end mortgage loans and HELOCs and the September 2010 proposed rule on enhanced consumer protections) since the CFBP would take over this rulemaking in mid-2011

March 2011: Fed finalized a regulation to increase the APR threshold used to determine whether an escrow account must be established for first-lien jumbo closed-end mortgage loans

March 2011: Fed proposed a regulation to expand the minimum period for mandatory escrow accounts for first-lien, higher-priced closed-end mortgage loans

May 2011: Fed proposed a regulation regarding a consumer’s ability to repay a closed-end mortgage loan

July 2011: HUD issued clarifications to its 2008 RESPA regulations

Attachment 3

AN OVERVIEW OF NUMEROUS FEDERAL REGULATIONS THAT HAVE BEEN PROPOSED, FINALIZED, AMENDED, RE-PROPOSED, CLARIFIED THAT IMPACT CREDIT CARD COMPLIANCE (SINCE JANUARY 2009)

January 2009: Federal Reserve Board (Fed) finalized open-end regulations with an effective date of July 1, 2010. The rule included comprehensive changes to the format, timing and content for five main types of open-end credit disclosures.

- Credit & charge card applications & solicitations
- Account opening disclosures
- Periodic statement disclosures
- Change-in-terms notices
- Advertising provisions

May 2009: Fed published proposed clarifications for the open-end final rule.

May 2009: Congress passed the Credit CARD Act. The provisions became effective in three stages: August 20, 2009, February 22, 2010, and August 22, 2010. The CARD Act covered many of the provisions in the January 2009 open-end final rule and moved their effective dates from July 2010 to August 2009 and February 2010, thus providing less time for credit unions to make the necessary changes to become compliant.

July 2009: Fed published an interim final rule for provisions of the CARD Act that became effective August 20, 2009. The provisions included an increase in the notice period from 15 days to 45 days and a requirement to provide periodic statements 21 days prior to the payment due date for all open-end loans. This second provision caused major problems for credit unions because in an effort to be more accommodating to member needs, credit unions permitted payment due dates any day of the month and also permitted weekly, bi-weekly and semi-monthly payments that coincided with members pay periods.

September 2009: Fed published a proposed rule covering the CARD Act provisions that became effective February 22, 2010.

November 2009: The Credit CARD Technical Corrections Act of 2009 was passed by Congress which limited the 21-day timing requirement for periodic statements only to credit card accounts and open-end loans with a grace period.

February 2010: Fed published a final regulation covering the majority of the CARD Act changes. The rule became effective on February 22, 2010—the same day the final rule was published in the Federal Register.

February 2010: Fed published a final rule withdrawing the January 29, 2009 final rule and noting that the requirements of the January 2009 final rule were incorporated in the other rule published on February 22. These requirements from the original January 2009 final rule had an effective date of July 1, 2010.

March 2010: Fed published a proposed regulation for those provisions of the CARD Act that were to become effective on August 22, 2010.

June 2010: Fed published a final regulation containing the provisions of the CARD Act that became effective on August 22, 2010—re-evaluation of rate increases and reasonableness of penalty fees.

November 2010: Fed published a proposed regulation to clarify certain provisions of the CARD Act.

April 2011: Fed published a final regulation to clarify certain provisions of the CARD Act. The effective date of the final rule was October 1, 2011. There were a number of significant changes in this rule, but the one that caused the most problems for credit unions was the requirement that periodic statements be provided at least 14 days prior to the date an account could be treated as late for any purpose. For accounts with a courtesy period that date would be the end of the courtesy period and for accounts without a courtesy period that date would be the actual payment due date.

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