



# COMPLIANCE CALENDAR

IMPORTANT COMPLIANCE DATES AS OF FEBRUARY 2020

DEADLINE	BRIEF SUMMARY AND COMPLIANCE RESOURCES
<p><b>OCTOBER 15, 2019</b></p> <p>CFPB</p> <p><a href="#">12 CFR Part 12154</a></p>	<p>This final rule implements changes made by Section 310 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018. Section 310 amended the charter acts for Fannie Mae and Freddie Mac, the government-sponsored enterprises (GSEs), and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 to create new requirements for the validation and approval of third-party credit score models to be used by the GSEs. The final rule adopts, largely as proposed, a four-phase process for the GSEs to validate and approve credit score models: 1) Credit Score Solicitation; 2) Submission and Initial Review of Applications; 3) Credit Score Assessment; and 4) Enterprise Business Assessment. Although the validation and approval of a new credit score model to be used by the GSEs may take several years, a credit union may wish to consider whether its membership would be better served by using a credit score model other than Classic FICO for mortgages it plans to sell to the GSEs. The use of alternative credit score models could increase access to credit for some borrowers, especially those in underserved areas and who may have limited credit history.</p> <p>Final Regulation - <a href="#">19-EF-11</a></p>
<p><b>OCTOBER 22, 2019</b></p> <p>NCUA</p> <p><a href="#">12 CFR Parts 704 and 713</a></p>	<p>This final rule requires a credit union's board of directors to review and approve all applications for fidelity bond purchase or renewal. The board must also pass a resolution approving the purchase or renewal, and designate a non-employee board member as a signatory. The designated signatory must rotate for each application for purchase or renewal. In addition, the final rule provides a one-year discovery period for a liquidating agent to file a fidelity bond claim following an involuntary liquidation with a four-month discovery period available upon a voluntary liquidation. The rule codifies a 2017 NCUA Office of General Counsel opinion permitting a natural person credit union's fidelity bond to include coverage for certain credit union service organizations (CUSOs). Lastly, it clarifies that NCUA must approve all bond forms. Approved bond forms will sunset after ten years. For those existing bond forms, all forms will expire after ten years, or as otherwise determined by the agency.</p> <p>Final Regulation - <a href="#">19-EF-10</a> Compliance Blog - <a href="#">7/29/19</a></p>
<p><b>OCTOBER 22, 2019</b></p> <p>NCUA</p> <p><a href="#">12 CFR Part 722</a></p>	<p>NCUA's final rule amending its regulation requiring real estate appraisals for certain transactions. The rule increases the threshold at which appraisals are required for nonresidential real estate transactions to \$1 million from the current threshold of \$250,000. For non-residential real estate transactions exempt from the appraisal requirement as a result of the new threshold, a federally insured credit union is still required to obtain a written estimate of market value of the real estate collateral if it does not conduct a formal appraisal. Consistent with existing requirements, the rule does not require a formal appraisal for a transaction that involves an existing extension of credit. The final rule retains the current language in 12 CFR § 722.3(a)(5), which refers to an existing extension of credit. It also exempts certain federally related transactions involving real estate in a rural area and makes various structural changes and conforming amendments to improve ease of use.</p> <p>Final Regulation - <a href="#">19-EF-09</a> Compliance Blog - <a href="#">9/20/18</a>, <a href="#">7/31/19</a></p>

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<p><b>DECEMBER 2, 2019</b></p> <p>NCUA</p> <p><a href="#">12 CFR Part 701</a></p>	<p>NCUA final rule to amend its general lending provisions under Part 701 to add a regulatory framework for an additional PALs program, titled PALs II. PALs II does not replace PALs I, but is an additional small-dollar option for a federal credit union to provide. It provides more flexibility for federal credit unions, while maintaining consumer protections. PALs II provides an increased loan amount, maturity limit and no minimum membership requirement. It incorporates some features of PALs I including a limitation on rollovers and permissible fees. The final rule does not provide a framework for a PALs III at this time.</p> <p>Board action is required to update a federal credit union’s lending policies to provide PALs II loans to members. In addition, loans made under the PALs II program are not guaranteed a safe harbor but may be structured in a way that meets the CFPB’s requirements to be exempt from its payday lending regulation.</p> <p>Final Regulation - <a href="#">19-EF-13</a></p>
<p><b>JANUARY 1, 2020</b></p> <p>NCUA</p> <p><a href="#">12 CFR Part 715</a></p>	<p>A final rule amending Part 715 of NCUA’s regulations regarding the responsibilities of a federally insured credit union to obtain a supervisory committee audit. It decommissions the Supervisory Committee Guide and replaces it with a simplified Appendix to Part 715; however, the guide will remain on the agency’s website as a resource. The rule eliminates the “Report on Examination of Internal Controls Over Call Reporting” and “Balance Sheet Audit” options. It also removes the 120-day audit report deadline from the required terms for audit engagement letters with outside, compensated persons and replaces it with flexible language allowing a federally insured credit union to specify a target date of delivery.</p> <p>Final Regulation - <a href="#">19-EF-15</a> Compliance Blog - <a href="#">9/27/19</a></p>
<p><b>JANUARY 1, 2020</b></p> <p>DOL</p> <p><a href="#">29 CFR Part 541</a></p>	<p>This final rule includes a commitment to periodically review the standard salary threshold through formal notice-and-comment rulemaking procedures. It does not institute any type of automatic adjustment to the salary threshold but the DOL declined to adopt a strict, four-year review cycle as proposed. The rule allows employers to use nondiscretionary bonuses and incentive payments (including commissions) that are paid annually or more frequently to satisfy up to 10 percent of the standard salary level. For the highly compensated employee (HCE) test, it adjusts the HCE total annual compensation level to \$107,432. The HCE test is premised on the belief that employees who earn at least a certain amount annually – an amount substantially higher than the annual equivalent of the standard salary level – are almost always found to meet all the other requirements for the overtime exemption.</p> <p>Final Regulation - <a href="#">19-EF-14</a> Compliance Blog - <a href="#">3/15/19</a></p>

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<p><b>JANUARY 2, 2020</b></p> <p>NCUA</p> <p><a href="#">12 CFR Part 701 and 746</a></p>	<p>A final rule amending NCUA’s standard federal credit union bylaws found in Appendix A to Part 701 of its regulations. It provides substantive changes and additional staff commentary. In addition, the final rule updates, clarifies, and removes outdated provisions. It does not simplify or streamline the expulsion process, but provides a provision for a “member in good standing” to facilitate a limitation of services policy. In addition, the final rule provides flexibility for meetings of members by allowing the option for hybrid (virtual and in-person) annual meetings. It also allows federal credit unions to establish membership through a share account or other account as determined by the credit union. NCUA’s rule also provides flexibility in removing a director or credit committee member for failing to attend regular meetings.</p> <p>Final Rule - <a href="#">19-EF-16</a></p> <p>Compliance Blog - <a href="#">11/16/18</a>, <a href="#">12/21/18</a>, <a href="#">9/23/19</a>, <a href="#">9/25/19</a>, <a href="#">10/9/19</a>, <a href="#">10/18/19</a>, <a href="#">10/25/19</a></p>
<p><b>JANUARY 2, 2020</b></p> <p>NCUA</p> <p><a href="#">12 CFR Chapter VII</a></p>	<p>NCUA’s final Interpretive Ruling and Policy Statement (IRPS) regarding statutory prohibitions imposed by Section 205(d) of the Federal Credit Union Act (FCU Act) (“Second Chance IRPS”). The Second Chance IRPS amends and expand the current de minimis exception to reduce the scope and number of offenses that would require an application to the NCUA. Applications are no longer required for certain insufficient funds checks, small dollar simple theft, false identification, simple drug possession, and isolated minor offenses committed by covered persons as young adults. In addition, the IRPS grants NCUA the authority to delegate responsibility for reviewing certain applications to the Regional Director(s) and the Director of the Office of National Examinations and Supervision.</p> <p>Final Regulation - <a href="#">19-EF-19</a></p>
<p><b>JANUARY 29, 2020</b></p> <p>NCUA</p> <p><a href="#">12 CFR Parts 701 and 741</a></p>	<p>NCUA’s current regulations limit the total amount of nonmember shares a federally insured credit union may have to 20 percent of the credit union’s total shares, or \$3 million, whichever is greater; however, the federally insured credit union may request a waiver of this limit by submitting a written request to its regional director. This final rule eliminates the option of seeking a waiver in exchange for a higher limit and changes the way the limit is measured, however retains the alternative \$3 million limit. The rule requires a federally insured credit union to develop and maintain a written plan if its public unit and nonmember shares, taken together with borrowings, exceed 70 percent of paid-in and unimpaired capital and surplus. NCUA does not require the plans be submitted to the agency for prior approval. The rule also makes conforming amendments to NCUA’s rules for insurance (specifically, 12 CFR § 741.204), which applies to all federally insured credit unions, to reflect the new 50 percent limit and other requirements.</p> <p>Final Regulation - <a href="#">19-EF-18</a></p>
<p><b>NOVEMBER 19, 2020</b></p> <p>CFPB</p> <p><a href="#">12 CFR Part 1041</a></p>	<p>The CFPB published a final rule delaying the compliance date for the mandatory underwriting provisions of the 2017 final rule governing Payday, Vehicle Title, and Certain High-Cost Installment Loans by fifteen months from August 19, 2019, to November 19, 2020. This final rule also makes conforming changes and corrections to address non-substantive errors.</p> <p><b>Note:</b> <i>This final rule only delays the mandatory underwriting provisions.</i></p> <p>Final Regulation - <a href="#">17-EF-10</a>, <a href="#">19-EF-07</a></p> <p>Compliance Blog - <a href="#">10/23/17</a>, <a href="#">8/19/19</a></p>

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<p><b>JANUARY 1, 2022</b></p> <p>CFPB</p> <p><a href="#">12 CFR Part 1003</a></p>	<p>The CFPB's final rule extends to January 1, 2022, the current temporary threshold of 500 open-end lines of credit for reporting data about open-end lines of credit. The rule also incorporates into Regulation C the interpretations and procedures from the August 2018 interpretive and procedural rule the bureau issued (2018 HMDA Rule) to implement and clarify the HMDA partial exemptions created by the Economic Growth, Regulatory Relief and Consumer Protection Act. The CFPB will defer action on permanent increases to the transactional and institutional coverage thresholds. It anticipates that it will issue a separate final rule in 2020 addressing the coverage thresholds for closed-end mortgage loans and open-end lines of credit that will become effective on January 1, 2022.</p> <p>Final Regulation - <a href="#">15-EF-17</a>, <a href="#">19-EF-17</a>            Compliance Blog - <a href="#">HMDA/Regulation C, 4/11/18, 10/30/19</a>            NAFCU Resources - <a href="http://www.nafcuhmda/">http://www.nafcuhmda/</a></p>
<p><b>JANUARY 1, 2022</b></p> <p>NCUA</p> <p><a href="#">12 CFR Part 702</a></p>	<p>NCUA's final rule delays the implementation date of its Risk Based Capital (RBC) rule by two years to January 1, 2022. In October 2015, the NCUA adopted the RBC rule for federally insured, natural-person credit unions. In October 2018, the NCUA finalized a supplemental final rule amending its 2015 RBC rule to delay the implementation date by one year to January 1, 2020 and increased the threshold level for coverage from \$100 million to \$500 million by amending the definition of a "complex" credit union. The final rule sets forth ten categories of risk-weights for various types of assets based on the risk associated with particular investments. For example, cash would be assigned a zero percent risk weight while riskier assets such as mortgage servicing and CUSO activities would have substantially higher risk-weights. During the delay period, the NCUA's existing prompt corrective action (PCA) regulation will remain in effect. The NCUA will continue to enforce the capital standards currently in place and address any supervisory concerns through existing regulatory and supervisory mechanisms.</p> <p>Final Regulation - <a href="#">19-EF-20</a>            Compliance Blog - <a href="#">Risk-Based Capital</a></p>
<p><b>ANNUAL FILING DUE FIVE MONTHS AFTER FISCAL YEAR END.</b></p> <p>Treasury and IRS</p> <p><a href="#">Section 4960 of the Internal Revenue Code</a></p>	<p>On December 31, 2018, the Treasury Department and Internal Revenue Service issued Notice 2019-09 to provide interim guidance about compliance with the requirements in section 4960 of the Internal Revenue Code added by the Tax Cuts and Jobs Act (TCJA). Under section 4960, organizations are required to pay excise taxes on excess remuneration and excess parachute payments made to covered employees. This applies to credit unions because credit unions fall under the definition of an Applicable Tax-Exempt Organization. Under the definitions outlined in the guidance, section 4960 could potentially also apply to a credit union service organization (CUSO) as a related organization. The interim guidance answers questions about how to report and pay the section 4960 excise tax. It is to be reported and paid using Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the tax code. The regulators intend to issue proposed regulations in connection with section 4960.</p> <p><b>Note:</b> <i>Filing due by May 15, 2019, if a credit union was subject to the tax on compensation paid in 2018 and its fiscal year ended December</i></p> <p>Final Regulation - <a href="#">19-EF-03</a>            Compliance Blog - <a href="#">2/4/19, 5/8/19</a></p>

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<p><b>ONGOING</b></p> <p>NIST</p> <p>Framework for Improving Critical Infrastructure Cybersecurity</p>	<p>The National Institute of Standards and Technology released a voluntary framework for use to identify, assess and mitigate threats to cybersecurity infrastructure. The framework's risk-based approach is designed to make cost-benefit assessments based on resource estimates (e.g., staffing, funding) to achieve cybersecurity goals in a cost-efficient manner and is broken into three main parts, the: Framework Core; Framework Implementation Tiers; and Framework Profiles. This is designed to be a "living document" that will be updated to keep pace with changes in technology and threats, and to incorporate lessons learned.</p> <p>Final Regulation - <a href="#">14-EF-05</a></p>