

MCUL 2015-16 ADVOCACY AGENDA

Tier I

Tier I issues include those issues that are “signature” efforts, either proactive or defensive, that will demand attention or that have been brought to MCUL due to an identified need from the credit union community. In almost all cases: these issues are no longer developmental but have been introduced; drafting is completed and introduction is pending; and/or active stakeholder work is underway. These issues have tangible and quantifiable impact potential for credit unions’ financial or operational performance, or from a liability perspective. Issues in Tier I may downgrade depending on activity or potential for passage, and new issues may be added or upgraded into Tier I as activity level or potential for passage rises.

Tier II

Tier II contains those issues that are important, but: are not currently active but action is expected this session; will be pushed for after further work is completed or if opportunity is presented; are still somewhat developmental but nearing active status; or in the case of “defensive” or externally generated measures, are not expected to be controversial but still need to be monitored closely or may require minor adjustments.

Tier III

Tier III issues are those that are: still fully developmental; of secondary or indeterminate importance from a fiscal or operational standpoint for credit unions; or, in the case of introduced legislation, have little chance of further movement but still need to be monitored.

STATE LEGISLATIVE

Issue	Type	Primary	Secondary	Position	Tier	Status
MCUA Revisions	Proactive Defensive	Ross Hanna	Kingdon Ligon Stevenson White	Support	Tier 1	In Drafting.
Retailer Accountability for Data Breach	Proactive	Kingdon	Hanna	Support	Tier 1	In Drafting.
Installment Loans by Payday Lenders	Defensive	Hanna	Kingdon Ligon Stevenson White	Oppose	Tier 1	Nothing Introduced Yet.
PRE on Foreclosed Properties	Proactive	Kingdon	Ligon	Support	Tier 1	S.B. 81. Senate Activity -1/5/2015 Introduced By Sen. Jack Brandenburg -2/5/2015 Referred To The Senate Committee On Finance -2/19/2015 Reported Favorably With Substitute S-1 -2/19/2015 Committee Recommended Immediate Effect -2/19/2015 Referred To Committee Of The Whole With Substitute S-1 -2/25/2015 Reported By Committee Of The Whole Favorably With Substitute S-1 -2/25/2015 Substitute S-1 Concurred In -2/25/2015 Placed On Order Of Third Reading With Substitute S-1 -2/26/2015 Amendment(S) Defeated -2/26/2015 Passed Roll Call # 34 Yeas 33 Nays 4 Excused 1 Not Voting 0

						House Activity -2/26/2015 Received On 02/26/2015 -2/26/2015 Read A First Time -2/26/2015 Referred To House Committee On Tax Policy -3/25/2015 Reported With Recommendation Without Amendment -3/25/2015 Referred To Second Reading
Title Loans through Pawnbroker Act	Defensive	Hanna	Ligon	Likely Oppose	Tier 1	Nothing Introduced Yet.
Patent Trolling	Proactive	Ligon	Kingdon	Support	Tier 2	SB 289 - 4/22/2015 Introduced by Senator O'Brien - 4/22/2015 Referred to the Committee on Judiciary
Uber Regulation	Defensive	Ligon	Hanna	Pending	Tier 2	SB 184 - 3/5/2015 Introduced by Senator Rick Jones - 3/5/2015 Referred to Committee on Regulatory Reform SB 188 - 3/5/2015 Introduced by Senator Dale Zorn - 3/5/2015 Referred to Committee on Regulatory Reform
Bank Tax Relief	Defensive	Kingdon	Hanna	Pending	Tier 3	SB 234 - 3/24/15 Introduced by Senator Darwin Booher - 3/24/15 Referred to the Committee on Finance

STATE REGULATORY

Issue	Type	Primary	Secondary	Position	Tier	Status
IRS Form 990	Defensive	Stevenson	Ross White	Pending	Tier 1	Member credit union brought forth issue of back taxes owed to Michigan Department of Treasury based on past credit union 990 filings. Treasury is indicating because CEO of member credit union's income exceeds \$160,000 credit union cannot be considered for small business alternative credit. MCUL is working with Doeren Mayhew on issue who requested informal hearing with the Department of Treasury. Treasury has two years to respond to request. (submitted early 2013)
Interest on Lawyers Trust Accounts (IOLTA)	Proactive	Stevenson	Ross	Support	Tier 1	Completed. HR 3468 – The Credit Union Share Insurance Fund Parity Act, signed by President Obama in December 2014 now extends NCUA share insurance coverage to IOLTA Accounts providing parity with the FDIC. However, at the state level the Michigan Rules for Professional Conduct (MRPC) do not include credit unions on the list of eligible financial institutions as credit unions up until the enactment of HR 3468 could not cover IOLTA

						accounts under the NCUSIF thus disqualifying them from offering IOLTAs. The MCUL has reached out to the Michigan State Bar regarding the current MRPC and have been advised the State Bar will be meeting soon to discuss a change to the MRPC and will update the MCUL once a course of action has been determined.
FEDERAL LEGISLATIVE						
Issue	Type	Primary	Secondary	Position	Tier	Status
Tax Reform	Defensive	Hanna	Kingdon	Pending	Tier 1	Senate Workgroups In Process. Senate Finance Committee Chairman Orrin Hatch (R-UT) established five working groups to produce bipartisan recommendations on various parts of the tax code. Credit unions, other exempt organizations, and financial institutions will be under the purview of the Business Income Tax Working Group, of which Senator Debbie Stabenow (D-Lansing) is a member. Workgroup recommendations are expected later this year.
GSE Reform	Defensive	Kingdon	Hanna	Pending	Tier 1	In Drafting. Last session, S. 1217 (Johnson-Crapo) passed the Senate Banking Committee and H.R. 2767 (PATH Act) passed U.S. House Financial Services. Any new legislation must contain access to secondary market for community institution, as well as guaranty for the 30-year fixed product.
Regulatory Reform and Compliance Burden	Proactive	Kingdon	Hanna	Support	Tier 1	Legislation Introduced. The MCUL is advocating for an exemption from the Consumer Financial Protection Bureau (CFPB), as the National Credit Union Administration (NCUA), our prudential federal regulator, is capable of implementing any new regulations for the credit union industry. Additionally, the MCUL is working with CUNA to modernize sections of the Federal Credit Union Act (FCUA). Key areas requiring modernization are listed below (Supplemental Capital, Business Lending, Field of Membership, Portfolio Lending, and Privacy Notice reforms).
Supplemental Capital	Proactive	Hanna	Kingdon Stevenson	Support	Tier 1	Legislation Introduced - HR 989 and S 423 Would permit CUs to access supplemental forms of regulator-approved capital
Member Business Lending	Proactive	Ligon	Kingdon	Support	Tier 2	Legislation Introduced – HR 1188 Would increase current credit union business lending caps from 12.25% to 27.5% of total assets
Retailer Liability For Security Breach Events	Proactive	Kingdon	Hanna Stevenson White	Support	Tier 2	Legislation Introduced – HR 2205 and S 961 These companion bills strengthen merchant standards to be comparable with those of credit unions and mandate a federal notification requirement for merchants when

						breaches occur. Additionally, these bills provides a floor for data security standards nationwide and also include the important provision to exclude financial institutions from the requirements as they are already subject to rigorous standards under the Gramm-Leach Bliley Act (GLBA). CUNA and the MCUL have activated an action alert on these bills for member engagement.
Examination Fairness	Proactive	Kingdon	Ross	Support	Tier 3	Nothing Introduced Yet. Legislation has not been reintroduced to provide for increased examination transparency and procedures in an effort to minimize confusion. A new bill is expected later this year.
Overdraft Protection Act	Defensive	Kingdon	Ross	Oppose	Tier 3	Nothing Introduced Yet. Legislation has been introduced for several sessions that would govern and restrict overdraft products and practices. Similar legislation has not been reintroduced this session.
SAFE Act Revisions	Proactive	Kingdon	Stevenson Ross	Support	Tier 3	Nothing Introduced Yet. An issue was brought to the attention of Rep. Huizenga in 2014 related to the application of MLO registration provisions under SAFE act and new CFPB regulations.
Privacy Notice Elimination	Proactive	Kingdon	Ross	Support	Tier 3	Legislation introduced - HR 1210 Legislation was re-introduced that would eliminate requirements to send annual privacy notice statements unless the underlying policy has been changed. Recently issued CFPB rules addressed part of this problem.

FEDERAL REGULATORY

Issue	Type	Primary	Secondary	Position	Tier	Status
NCUA Proposed Rule re Risk-Based Capital	Defensive	Stevenson Kingdon	Ross	Oppose	Tier 1	Initial Comments Submitted May 28. NCUA is expected to issue its new proposal January 15, 2015, with an extended comment period for credit unions and other parties to review and provide input. Submitted comment letter 4/27.
CFPB Regulation E	Proactive	Stevenson	Hanna White	Pending	Tier 1	Exploring: Formulated workgroup of credit union representatives to discuss liability for consumers under Reg E and how to protect credit unions from loss due to “card cracking” and other fraudulent transactions committed by consumers.
CFPB Proposed Rule regarding changes to Mortgage Servicing	Defensive	White	Ross Stevenson Hanna	Oppose (Majority of items)	Tier 1	Proposal issued with comments due March 16, 2015. Proposal to amend TILA and RESPA to require servicers to provide certain borrowers with foreclosure protections more than once over the life of the loan and would require that services provide these protections again for borrowers who have brought their loans current at any time since

						<p>the last loss mitigation application. The proposal would also expand consumer protections to surviving family members (successors in interest.) Proposal would add a general definition of delinquency as well as amend required disclosures for force-placed insurance. The proposal also would require servicers to provide early intervention notices to certain borrowers in bankruptcy or invoked their cease communication rights under the FDCPA. There are also proposed changes to Loss mitigation, prompt payment crediting and periodic statement requirements.</p> <p>Comment call filed with the CFPB March 16, 2015.</p>
CFPB Proposal: Payday Loans and Deposit Advance Products	Proactive Defensive	Stevenson	White Hanna	Pending (Oppose)	Tier 1	Currently in Pre-rule Stage- The CFPB has issued rulemaking agenda for 2015 and will be addressing Payday Loans and Deposit Advance Products. Proposed Rule slated for February 2015.
CFPB Proposal: Overdraft Protection Programs	Defensive	White	Stevenson Hanna	Pending (Oppose)	Tier 1	Currently in Pre-rule Stage – Also on the CFPB rulemaking agenda for 2015 is a proposal addressing overdraft protection programs slated for issuance in July.
CFPB Proposal: Debt Collection	Defensive	White	Stevenson Hanna	Pending (Oppose)	Tier 1	Currently in Pre-rule Stage – Also on the CFPB rulemaking agenda for 2015. Proposal will look at way debt collectors report debts, how disputes are handled and the time period for reporting certain information to the credit reporting agencies. Proposal is expected in April 2015. Issue is the CFPB is looking very broadly in terms of debt collection by looking at everything from debt buyers to collectors, first party collectors, and banks (and credit unions) collection for others and themselves.
CFPB Proposal: Small Creditor and "Rural" and "Underserved Areas"	Defensive	White	Stevenson Hanna	Pending (Generally support)	Tier 1	<p>Comment Letter Filed March 30, 2015.</p> <p>The CFPB proposed and increase in the small creditor threshold from 500 first lien mortgage origination to 2,000. However, the CFPB would require the assets of affiliates as well affiliate first lien mortgages be included in the small creditor threshold calculation.</p> <p>The CFPB also looked to expand the definition of rural and underserved areas to include areas that are not in urban areas as defined by the Census Bureau. A revised time period for</p>

						determining for determining whether creditor is serving a rural or underserved area was also proposed. The agency wishes to permit creditors to use only the preceding calendar for qualification of status rather than any three of the preceding calendars years as currently permitted. The proposed rule also extended the deadline for making balloon-payment qualified mortgages and balloon-payment non-qualified mortgages for creditors not operating in a predominantly rural or underserved area. The proposed extension is April 16, 2016.
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