2015 SUMMARY CHART

Regulatory Proposals, MCUL Comment Calls and Comment Letters

(January 1, 2015 – July 10, 2015)

AGENCY- Regulation Topic MCUL Position	Comment Due Date	Comment Call Issued	Comment Letter Filed
9. DOL: Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees Summary: The Department of Labor is seeking to update the salary level and is also proposing to automatically update the salary level. The proposed rule focuses primarily on updating the salary and compensation levels needed for white collar workers to be exempt. Specifically, the DOL proposes to: • Set the standard salary level at the 40th percentile of weekly earnings for full-time salaried workers ($921 per week, or $47,892 annually); • Increase the total annual compensation requirement needed to exempt highly compensated employees (HCEs) to the annualized value of the 90th percentile of weekly earnings of full-time salaried workers ($122,148 annually); • and Establish a mechanism for automatically updating the salary and compensation levels going forward. •	9-4-2015	Not issued	9-4-2015

Notably by the time the final rule is released this salary range for inclusion will likely be closer to $50,000.00.

This significant change to the exempt employee threshold could greatly effect credit unions at the personnel level. The DOL has estimated that 4.6 million workers will become eligible for overtime within the first year. If implemented these changes will cause many credit union employees, who previously were not eligible for overtime pay, to become eligible for overtime pay. It may also force credit unions to have to reconsider how they classify positions and what compensation and benefit packages are offered.

DOL notes in the proposal that small entities, including credit unions, will be affected.

Status: Comments Submitted 9-4-2015

Position: The MCUL expressed concerned that this proposal moves much too quickly and does not take into consideration important elements that are necessary to update such an important regulation. Credit unions are member-owned, not-for-profit financial cooperatives operating for the purpose of promoting thrift, providing affordable credit, and providing financial services to their member-owners. Since credit unions are member-owned they have historically worked to advance the American middle-class by providing employment opportunities and increasing access to financial services for members. MCUL understands the intent behind this proposed rule, however more than doubling the income threshold for overtime pay eligibility may lead to unintended consequences.

8. NCUA: Member Business Loans: Commercial Loans	8-31-2015	7-24-2015	8-28-2015

Part 723 of NCUA's regulations defines Member Business Loans (MBLs), establishes minimum standards for making MBLs, and implements various statutory limits pursuant to Section 107A of the Federal Credit Union Act (FCUA). Under the current rule, an MBL is any loan, line of credit, or other letter of credit, where the proceeds will be used for a commercial, corporate or other business investment property or venture, or agricultural purpose.

The current rule does not distinguish between commercial loans and MBLs. MBLS are defined by the FCUA and the current MBL rule while commercial loans are not. As a result, the safety and soundness risk management requirements contained in the MBL rule have not always been consistently applied to commercial loans that are not MBLs. As part of the NCUA's commitment to the regulatory modernization initiative and modernization of the MBL rule the Board is proposing to alter its overall approach to regulating commercial lending.

NCUA's proposed changes to its MBL rule, Part 723, mark a potentially dramatic change in the Agency's approach to regulating Member Business Lending. The proposed changes come as the credit union systems' MBL portfolio has grown from $4 billion in 2000 to $51 billion in 2015. NCUA characterizes the proposal as moving to "principle" based regulation as opposed to the existing MBL rule containing thresholds and waivers that NCUA characterizes as "prescriptive." The proposed rule would eliminate most of the existing regulatory thresholds and limits in Part 723, replacing those provisions with expanded requirements for policies, procedures, and oversight by credit union management and credit union directors.

Status: Comments submitted to NCUA 8-28-15

Position: The MCUL took the opportunity to express our support for the NCUA's proposed rule as it would provide credit union members more access to business loans. The MCUL did express our concern with certain elements of the proposal as we believe the NCUA did not reach far enough with the proposal in certain respects. The MCUL expressed the need for a comment period upon issuance of the NCUA's supervisory guidance, allowing the industry to comment prior to issuance as this guidance will be the roadmap examiners will be utilizing when evaluating a credit union's MBL program. Additionally the MCUL expressed the need for further small credit union exemptions and not simply set the exemption threshold at an arbitrary $250mm.

Also, due to the collaborative process between agencies the MCUL also encouraged the NCUA to create a training module that could be replicated at the state level for consistency. Without the proper training of state examiners, the principles based approach could result in less flexibility for state-chartered credit unions.

7-7-2015	6-25-2015 15-CC-07	7-7-2015

7. CFPB: Delay of Effective Date; 2013 Integrated Disclosures Rule under RESPA and TILA and Amendments

The CFPB has proposed to extend the effective date of the Integrated Mortgage Disclosure Rules under the TILA-RESPA Final Rule and TILA-RESPA Amendments to October 3, 2015. Under CRA rules, the effective date of the Integrated Mortgage Rules would not be permissible until August 15, 2015. However, the CFPB believes that extending the effective date to August 15 could create implementation challenges for organizations The CFPB believes the proposed extension to October

3, 2015 will allow for further testing of system and system components and allow smoother implementation with a Saturday effective date.

The CFPB is soliciting comments on all aspects of this proposal including any specific details and data that are available regarding current and planned practices. The CFPB would also like feedback regarding any facts about any benefits, costs, or other impacts on the industry and consumers. Further, the agency seeks comments on the October 1, 2015 extension, possible alternatives dates for the extension including allowing the CRA effective date of August 15, 2015.

The MCUL is seeking your comments regarding efforts your credit union has made to meet the CFPB's initially proposed effective date of August 1, 2015. Specifically, the MCUL would like to know the costs that your credit union has incurred attempting to meet the CFPB's deadline. Additionally, if the proposed rule extends the deadline to October 3, 2015, will this extension add any undue burden or stress to your credit union.

Status: Comment Letter Filed July 7, 2015

Position: The MCUL took the opportunity to advocate for a safe harbor period until the end of the year for compliance with the integrated disclosure rule. The MCUL also requested that the CFPB allow credit unions that were ready to utilize their revised forms as of August 1, 2015, be allowed to begin using them on August 15, 2015 or wait until the October 3, 2015 effective. In either event, a safe harbor should be available to all credit unions regardless of when they begin utilizing the revised forms.

Additionally, the MCUL raised concerns over the discrepancy issue related to the scope of the new rule with its applicability and requirements for small financial institutions and the guidance from the CFPB on how to comply with the new rules. The Small Entity Compliance Guide no longer states that the rule does not apply to a person or entity that makes five or fewer mortgages in a calendar year. The version log states that this change made to the Small Entity Compliance Guide was a "miscellaneous administrative change." The MCUL, along with CUNA, views this as a substantive change to the guide. Additionally, this language does not address current language within the final

rule's supplemental information which is relied upon by many credit unions that believe they qualify for the exemption under this proposed rule.

The MCUL, along with CUNA, urges the CFPB to confirm that creditors that make five or fewer mortgages per year, as outlined in the supplemental information of the rule and the September 2014 Small Entity Compliance Guide, are exempt from the TILA-RESPA rule. With the extended effective date, the CFPB now has an adequate time frame and opportunity to address this inconsistency so that credit union lending operations are not negatively impacted and credit union members can continue to receive services to meet their financial needs.

6. NCUA – Regulatory Review 2015

8-2-2015	6-12-2015 15-CC-06	8-3-2015

The National Credit Union Administration (NCUA) reviews all of its existing regulations every three years. The NCUA's Office of General Counsel maintains a rolling review schedule that identifies one-third of the NCUA's existing regulations for review each year and provides notice to the public of those regulations under review so they public may comment on possible amendments or improvements to the rules.

Based on the NCUA's Office of General Counsel notification the following regulations will be reviewed in 2014.

700 Definitions
701.1 Federal Credit Union Chartering, Field of Membership Modifications and Conversions
701.2 Federal Credit Union Bylaws
701.3 Member Inspection of Credit Union Books, Records and Minutes
701.4 General Authorities and Duties of Federal Credit Union Directors
701.6 Fees Paid by Federal Credit Unions
701.14 Change in Official or Senior Executive Officer in Credit Unions that are Newly Chartered or are in Troubled Condition
701.19 Benefits for Employees of Federal Credit Unions

701.20 Suretyship and Guaranty
701.21 Loans and Lines of Credit to Members
701.22 Loan Participations
701.23 Purchase, Sale, and Pledge of Eligible Obligations
701.24 Refund of Interest
701.26 Credit Union Service Contracts
701.30 Services for Nonmembers within the Field of Membership
701.31 Nondiscrimination Requirements
701.32 Payment on Shares by Public Units and Nonmembers
701.33 Reimbursement, Insurance, and Indemnification of Officials and Employees
701.34 Designation of Low-Income Status; Acceptance of Secondary Capital Accounts by Low-Income Designated Credit Unions
701.35 Share, Share Draft, and Share Certificate Accounts
701.36 Federal Credit Union Ownership of Fixed Assets
701.37 Treasury Tax and Loan Depositaries; Depositaries and Financial Agents of the Government
701.38 Borrowed Funds from Natural Persons
701.39 Statutory Lien
Appendix Appendix A to Part 701 – Federal Credit Union Bylaws
Appendix Appendix B to Part 701 – Chartering and Field of Membership Manual
702 Capital Adequacy
703 Investment and Deposit Activities
704 Corporate Credit Unions
705 Community Development Revolving Loan Fund Access for Credit Unions
707 Truth in Savings
708a Bank Conversions and Mergers
708b Mergers of Federally-Insured Credit Unions; Voluntary Termination or Conversion of Insured Status
709 Involuntary Liquidation of Federal Credit Unions and Adjudication of Creditor Claims Involving Federally Insured Credit Unions in Liquidation
710 Voluntary Liquidation

Status: Comment Letter Filed 8-3-15

Position: The MCUL took this opportunity to comment on three critical areas identified in the 2015 regulatory review, specifically 702 - PCA, 707- Truth in Savings and 701.1 and 701.2- Field of Membership and FCU Bylaws. To reiterate our concern in our previous comments to the NCUA, the MCUL believes there is an ever present need for reform of credit union prompt corrective action. The current system in of itself is overly restrictive. The current statute does not permit credit unions access to supplementary capital which could otherwise be used to augment retained earnings in order to meet capital requirements, nor does the RBC2 proposal provide access to supplementary capital. The MCUL request that the NCUA amend the current requirements to provide the disclosures under TISA by allowing them to be provided no later than ten (10) days after an account is opened. The NCUA should also work with other regulatory agencies to ensure Regulation CC and Regulation E are updated as well. E-SIGN should also be amended to allow members to consent to receive electronic disclosures if consent is provided in writing. An expanded geographical area has allowed Michigan credit unions to expand their footprint. With the advancement of technology, rigid geographical limitations can hinder Federal credit unions ability to better serve a wider area. In addition, this limitation does not reflect the ever-growing digital age with online account opening and mobile banking. The MCUL supports a strong dual chartering system and recommends that the NCUA revise its field of membership so that Michigan Federal credit unions and all Federal credit unions, can have parity with state acts such as the Michigan Credit Union Act.

5. NCUA – Fixed Assets

In 2014 the NCUA Board issued a proposed rule to provide regulatory relief to FCUs and to allow FCUs greater autonomy in managing their fixed assets. In response to comments received during the 2014 comment process, the NCUA Board has issued a new proposal with improvements that were not part of the 2014 fixed asset proposal, which was not adopted.

4-29-2015 4-15-2015
15-CC-05

Based on comments received on the 2014 proposal the NCUA Board is proposing the following:

- Eliminate the 5% aggregate limit on investments in fixed assets that is currently in place for FCUs with $1,000,000 or more in assets.
- Remove the waiver provisions regarding the aggregate limit
- Establish a single six-year time period for partial occupancy of such premises and discontinue the 30-month requirement for partial occupancy waiver requests.

Position: No Comment

Status: The MCUL chose not to comment as initial comments to the Agency addressed proposed changes and is supportive of regulatory relief to credit unions.

4. NCUA – Risk Based Capital

4-27-2015	3-17-2015 15-CC-4	4-27-2015

Based largely on comments received on the original proposal, the NCUA is proposing many improvements to Risk Based Capital 2, including: (1) amending the definition of "complex" credit union by increasing the asset threshold from $50 million to $100 million; (2) reducing the number of asset concentration thresholds for residential real estate loans and commercial loans (formerly classified as MBLs); (3) assigning one-to-four family non-owner-occupied residential real estate loans the same risk weights as other residential real estate loans; (4) eliminating Interest Rate Risk (IRR) from the proposed rule; (5) extending the implementation timeframe to January 1, 2019; and (6) eliminating the Individual Minimum Capital Requirement (IMCR) provision.

Position: The MCUL took the opportunity to commend the NCUA on its efforts in revising the proposal but also discussed the need for access to supplemental capital. The MCUL also voiced our concerns with the risk weightings for mortgage servicing assets and CUSO Investments that remain too high at 250% for mortgage servicing and 150% for CUSO Investments, indicating the NCUA is failing to recognize the role CUSOs play and the benefits of servicing mortgage loans for members. Finally the MCUL also voiced our concern with the Agency's proposed Capital

Adequacy Management Plan as this would provide examiner subjectivity to impose higher levels of capital on individual credit unions based solely on their Capital Adequacy Management Plan.

Also discussed was the need to include goodwill in the numerator for merger purposes as well as the Agency's discussion regarding a separate Interest Rate Risk Rule, which is unnecessary given the current standards and guidance already issued by the agency that credit unions are managing effectively.

Status: Comment Letter submitted April 27, 2015

3. CFPB – Amendments to Truth in Lending (Regulation Z) Impacting "rural" and "underserved" areas.

3-30-2015	3-5-15 15-CC-3	3-30-15

The Consumer Financial Protection Bureau (CFPB) has proposed changes to its Escrows Final Rule and Ability to Repay Rule provisions under its Truth-in-Lending Act, also known as Regulation Z.

The proposed changes will impact small creditors as well as rural and underserved areas relating to escrow requirements for high priced mortgage loans. Additionally, the Home Ownership and Equity Protection Act (HOEPA) would also be affected.

While the **CFPB is not proposing** to increase the $2 billion assets threshold test for small creditors, MCUL and Affiliates in conjunction with CUNA continue to urge the CFPB to increase its threshold limit to $10 billion.

The proposed amendments include:

- Expanding the definition of "small creditor" by increasing the loan origination limit from 500 first lien-mortgage to 2,000.
- Creditor's would be required to include assets of affiliates originating mortgage loans in their assets size calculation when determining if a credit union would fall under the less than $2 billion threshold.
- Expanding the definition of "rural" to include census blocks that are not in an urban area as defined by the Census Bureau.

- A grace period of April 1 of the current calendar year is proposed with respect to mortgage transaction applications for creditor's exceeding the origination limit or asset limit in the preceding year.
- Adjust the time period for qualification for operating in a predominantly "rural" or "underserved" area to one-year from any of the three preceding calendar years.
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Additional implementation time regarding creditors currently making balloon-payment Qualified Mortgages and balloon-payment high-cost mortgages, regardless of where they operate, until April 1, 2016.

Position: The MCUL generally supported most of the proposed amendments of the CFPB. However, the MCUL took this opportunity to bring to light its concerns relating to credit unions and CUSOs and looking to the Bank Holding Company Act when determining whether a business relationship constitutes an affiliate relationship. The MCUL pointed out that the CFPB's application of the Bank Holding Company Act to credit unions and CUSOs is contrary to public policy and does not align with the Bank Holding Company Act's historical intent. Additionally, the MCUL requested that the CFPB provide clarification on its methodology of increasing the first-lien mortgage origination from 500 to 2,000 and why a higher limit would not have been more appropriate. The MCUL also requested that the CFPB increase the asset limit threshold from $2 billion to $10 billion adding that asset size alone is not a good indicator of consumer protection but rather credit unions practice prudent lending because it is in the best interest of its members. As such, the CFPB should increase the asset limit threshold to $10 billion to allow more credit unions to partake in the regulatory relief offered by the CFPB.

Additionally, while the MCUL was generally supportive of extending the application deadline to April 1, 2016 regarding balloon payment mortgages, the MCUL questioned whether the CFPB should be limiting such balloon-payment mortgage loans to small creditors operating in predominantly rural or underserved areas. Many small credit unions rely on balloon-payment mortgage structuring as a way to manage interest rate risk. The CFPB should not arbitrarily limit balloon-payment mortgage loans to specific areas. Rather, credit unions should have the

autonomy and flexibility to offer the best products to its members that is commensurate with their risk profile.

Credit unions are a trusted source of consumer home financing and have earned their members' trust by conducting their lending activity on fair and reasonable terms, not because Congress or any regulatory body has required them to do so, but because it's the right thing to do. Providing exemptions and continued regulatory relief for credit unions is vital to ensure that credit unions can continue to provide access to affordable financial services to their members and communities. Additionally, CUSOs play a pivotal role in cooperative philosophy of the credit union industry. The MCUL acknowledged and appreciated the CFPB's ongoing efforts to continue to evaluate the impact of its regulations on small financial institutions in the post-mortgage crisis era. However, the MCUL encourages the CFPB to be more aggressive in providing regulatory relief to the credit union industry.

Status: Comment Letter Filed 3-30-2015

3-23-2015 2-27-2015
15-CC-2

2. CFPB – Prepaid Accounts under Electronic Funds Transfer Act and the Truth in Lending Act

The CFPB proposal would dramatically broaden the scope of the CFPB's prepaid regulation. The Supplementary Information accompanying the proposal states:

The CFPB "believes that the features of non-GPR (general purpose reloadable) card prepaid products as well as the ways consumers can and do use those products warrant their inclusion as prepaid accounts," because, for example, "inclusion aligns appropriates with the purposes of the Electronic Funds Transfer Act and many consumer snow use other types of prepaid products in the same ways and to fill the same needs as they did payroll card accounts:; and

The CFPB believes "that all prepaid products should be considered consumer asset accounts subject to the Electronic Funds Transfer Act and Regulation E."

Under the Proposed Rule the term "prepaid account" would include the following:

- Payroll cards;
- Certain federal, state and local government benefit cards;
- Student financial aid disbursement cards;
- Tax refund cards; and
- Certain peer-to-peer payment products

Specifically, the proposal would revise the definition of "account" under Regulation E to include a "prepaid account." As such, the term "prepaid account" would include a card, code or other device established primarily for personal, family or household purposes, and not already an "account" under Regulation E, which is:

- Either (i) issued on a prepaid basis to a consumer in a specified amount, or (ii) not issued on a prepaid basis, but capable of being loaded with funds thereafter; and
- Redeemable upon presentation at multiple, unaffiliated merchants for goods or services, usable at automated teller machines, or usable for person-to-person transfers.

Position: MCUL chose not to comment

Status: Comment Call issued 2-27-2015

1. CFPB - Amendments to Mortgage Rules under TILA and RESPA	3-16-2015	2-20-2015 15-CC-1	3-16-2015

The Consumer Financial Protection Bureau (CFPB) has proposed amendments and is seeking comments to its 2013 Mortgage Servicing Rules under the Truth in Lending Act (Regulation Z) and the Real Estate Settlement Practices Act (Regulation X).

The proposed amendments seek to clarify, amend, and revise provisions regarding force-placed insurance policies and procedures, early intervention, and loss mitigation requirements under

Regulation X's servicing provisions as well as periodic statements under Regulation Z's servicing provisions. Additionally, the proposed amendments will address proper compliance regarding servicing requirements for when a consumer is a potential or confirmed successor in interest, is in bankruptcy, or sends a cease communications request under Fair Debt Collection Practices Act.

In total, the proposed amendments and commentary address nine major topics: successors in interest, definition of delinquency, request for information, force-placed insurance, early intervention, loss mitigation, prompt payment crediting, periodic statements and small servicer

Position: The MCUL appreciates the CFPB taking further steps to offer continued regulatory relief to small servicers; allowing small servicers to exclude certain seller-financed transactions from the 5,000 loan limit is a positive step. However, the MCUL believes the CFPB could do more to have a greater impact on small servicers and their continued struggles to keep pace with the ever changing regulatory environment. The MCUL urges the CFPB to consider increasing the loan limit threshold to 10,000 to allow more credit unions to qualify as a small servicer and partake in the exemption benefits the CFPB has offered to small institutions.

The MCUL appreciates the CFPB's ongoing efforts to reassess the impacts the mortgage servicing rules has on financial institution. Additionally, the MCUL appreciates the opportunity to comment on the proposed rules and provide incite as to the impacts that our credit unions will face as a result of such proposed rules. Credit unions are trusted source of consumer home financing that is conducted on fair and reasonable. Providing exemptions and continued regulatory relief for credit unions is vital to ensure that credit unions can continue to provide access financial services to their members and communities.

Status: Comment Letter Submitted March 16, 2015

19. DOD – Limitations on Terms of Consumer Credit Extended to Servicemembers and Dependents	12-26-2014	10-24-2014 14-CC-19	12-26-2014

After observing the effects of its existing regulation during the past six years and based on its review of information provided by a wide variety of persons and entities, the DOD is proposing to amend the MLA. The DOD believes that this proposal is appropriate in order to address a wider

range of credit products that currently fall outside the scope of the regulation implementing the MLA, streamline the information that a creditor would be required to provide to a covered borrower when consummating a transaction involving consumer credit, and provide a more straightforward mechanism for a creditor to assess whether a consumer-applicant is a covered borrower.

Position: While the MCUL strongly supports protection of all consumers from predatory lending while ensuring they have access to affordable credit. The MCUL has concerns with the DOD's proposal as issued. While the MCUL is supportive of the goals of the Proposed Rule and the Department's intent to protect service members and their dependents, for the reasons discussed in this comment letter the MCUL encourages the Department to modify the Proposed Rule. Specifically, the MCUL strongly encourages exempting credit unions and other depository institutions (as presented as a possibility by the DOD in the proposal) or providing an exemption from aspects of the proposed changes for credit unions, such as the proposed expansion of the term "consumer credit." Additionally the DOD should consider exempting certain credit unions products, including PALs. The DOD should also reconsider the proposed approach regarding use of the MLA database and related "safe harbor," and should allow an extended implementation period to provide adequate time for credit unions and others to implement the necessary changes

Status: Comment Letter submitted December 26, 2014

18. FHFA – Members of Federal Home Loan Banks

The Federal Housing Finance Agency (FHFA) is proposing to revise its regulations governing Federal Home Loan Bank (FHLB) membership. The revisions would require each applicant hold one percent of its assets in "home mortgage loans" in order to satisfy the statutory requirement that an institution make long-term home mortgages. This requirement would have to be complied with on an ongoing basis, as opposed to the current one-time requirement at initial application.

1-12-2015	10-3-2014 14-CC-18	1-9-2015

Additionally, credit unions (since they do not qualify as a Community Financial Institution as defined in this regulation) would also be required to have at least 10% of their assets in "residential mortgage loans."

Financial institutions not meeting these ongoing criteria would have a year to return to compliance. After two consecutive years of non-compliance, membership would be terminated.

The definition of "insurance company" is being proposed to exclude from membership eligibility, captive insurance companies.

Position: Although the MCUL does not concur with the necessity of this proposed rule, there are opportunities for the FHFA to revise the proposal in order to provide parity and some regulatory relief to credit unions that will otherwise be severely negatively impacted. The first would be to include credit unions in the definition of a Community Financial Institution. By expanding this definition to include credit unions, it would provide a necessary exemption to the smaller institutions that would struggle with the ongoing portfolio compliance requirements.

The second would be to allow FHLB members' "flow" business to be included in the quantitative calculations. Without including these transactions, the FHFA disregards the potentially smaller institutions who are committed to the FHLB mission, but may not have the capacity to hold loans in portfolio or have the expertise in-house to purchase MBS.

Status: Comment Letter Submitted January 9, 2015