2014 SUMMARY CHART

Regulatory Proposals, MCUL Comment Calls and Comment Letters

(January 1, 2014 – December 31, 2014)

AGENCY- **Regulation Topic** MCUL Position	Comment Due Date	Comment Call Issued	Comment Letter Filed
19. DOD – Limitations on Terms of Consumer Credit Extended to Servicemembers and Dependents 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	12-26-2014	10-24-2014 14-CC-19	12-26-2014

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

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

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.

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			
17. NCUA – Federal Credit Union Ownership of Fixed Assets The Federal Credit Union Act (FCU Act) authorizes a FCU to purchase, hold and dispose of property necessary or incidental to its operations. The NCUA's current fixed assets rule: (1) limits FCU investments in fixed assets; (2) establishes occupancy, planning, and disposal requirements for acquired and abandoned premises; and (3) prohibits certain transactions. Under the current rule, fixed assets are defined as premises, furniture, fixtures, and equipment, including any office, branch office, suboffice, service center, parking lot, facility, real estate where a credit union transacts or will transact business, office furnishings office machines, computer hardware and software, automated terminals, and heating and cooling equipment. The Board is proposing to provide regulatory relief to Federal Credit Unions by: (1) allowing FCUs to exceed the current five percent aggregate limit on fixed assets, without prior NCUA approval, provided FCUs do so safely and soundly by establishing their own fixed asset management (FAM) policies and programs; and (2) simplifying the partial occupancy requirement for premises acquired for future expansion. The proposed rule also eliminates or streamlines certain aspects of the fixed assets waiver requirements in various circumstances. The rule does not cover FCUs that have assets up to $1 million.	10-10-2014	9-4-2014 14-CC-17	10-9-2014

Position: Given the current regulatory environment, NCUA's proposal to eliminate the waiver requirement is welcomed and warranted as relief from an undue burden. The MCUL appreciates the proposed revisions, such as the grandfathering provisions and the elimination of the requirement to submit a waiver request within 30 months after property is acquired. However, the MCUL encourages the NCUA to consider further relief by refining the "fixed asset" definition, to coincide with other state credit union and banking laws.

Status: Comment Letter submitted on October 9, 2014

16. FinCEN: Customer Due Diligence Requirements for Financial Institutions

10-3-2014	8-19-2014 14-CC-16	10-3-2014

FinCEN, in consultation with the staff of the federal functional regulators and the Department of Justice, has determined that more explicit rules for covered financial institutions with respect to customer due diligence (CDD) are necessary to clarify and strengthen CDD within the BSA regime. To strengthen CDD, FinCEN is proposing to amend its existing rules and is issuing explicit requirements via two rule changes.

First, FinCEN is addressing the need to collect beneficial owner information on the natural persons behind legal entities by proposing a new separate requirement to identify and verify the beneficial owners of legal entity customers subject to certain exemptions. Second, FinCEN is proposing to add explicit CDD requirements with respect to understanding the nature and purpose of customer relationships and conducting ongoing monitoring as components in each covered financial institution's core AML program requirements.

Position: Comment Letter submitted October 3, 2014

Status: The MCUL is generally supportive of FinCEN's efforts to strengthen method sof identifying terrorist financing and money laundering but urged FinCEN to evaluate the burden the proposal would have on smaller institutions. Additional, the MCUL urged FinCEN to continue to engage and coordinate with the NCUA and other federal and state financial institution regulators and law enforcement authorities to minimize the regulatory burden but still obtain pertinent information to aid in any investigation as done with SAR filings. The MCUL

also questioned why the proposal does not extend to check cashing facilities. Credit union rank among the most heavily regulated entities with specific requirements that must be adhered to under FinCEN's regulations, and consistency in application to other providers may very well be appropriate for FinCEN's overall goals.

15. CFPB – Home Mortgage Disclosure Act (HMDA)

10-22-2014	8-18-2014 14-CC-15	10-29-2014

Some of the major proposed changes include requiring the reporting of HMDA data for dwelling-secured loans generally, regardless of whether the loans are for home purchase, home improvement, or refinancing (including commercial loans). This also includes the reporting of home equity lines of credit. The applicability of HMDA reporting is also being proposed to change to adopt a uniform loan-volume threshold of 25 loans applicable to all financial institutions. Credit unions therefore originating less than 25 covered loans (not including open-end lines of credit) would not be required to report. The frequency of reporting would increase to quarterly from annually for financial institutions that reported at least 75,000 covered loans, applications, and purchased covered loans combined for the preceding calendar year.

In addition to amendments to existing data points, including the change from optional to mandatory for certain data points, there are 11 new data points that credit unions will be required to report on including: total points and fees, prepayment penalty term, introductory interest rate term, non-amortizing features, loan term, application channel, universal loan ID, loan originator number, property value, parcel number, age and credit score.

Position: The MCUL expressed its concerns with the amount of regulation imposed by the CFPB as credit unions are struggling to keep pace. The MCUL encouraged the CFPB to update their research on the market impact of the newly effective Mortgage Rules before promulgating new requirements based on old data. Additionally, the CFPB approach appears to be catch-all, in including data points that could easily be calculated with less reporting requirements. The MCUL urged the CFPB to examine reporting systems that automatically disable reporting fields for

certain product types where information is inapplicable. The MCUL stressed throughout the entire letter the significant burden and costs associated with this proposal on top of its existing regulatory burden that credit unions are facing and requests that the CFPB more responsive to the plight of smaller community institutions that did not cause the financial crisis, yet are now subject to the same rules as those larger, culpable players that have the ability to absorb these costs. The CFPB is restricting and will eventually effectively eliminate a competitive mortgage market through the sheer amount and complexity of regulations t is promulgating.

Status: Comment letter submitted October 29, 2014

14. CFPB – Disclosure of Consumer Complaint Narrative Data

In the June 2012 Policy Statement and the March 2013 Policy Statement, the CFPB addressed comments received in response to the December 2011 Proposed Policy Statement and the June 2012 Proposed Policy Statement, respectively. These comments ranged from very general, such as the CFPB's authority to disclose consumer complaint data of any kind and the impact the database would have on consumers and covered persons, to the more specific, such as the impact of specific proposed data field and the inclusion of other data fields. In both Policy statements the CFPB affirmed its openness to the inclusion of additional data fields and its willingness to work with external stakeholders to address the value of adding such fields. Consistent with this commitment and in response to comments urging the disclosure of narratives, the CFPB is proposing the inclusion of narratives in the Consumer Complaint Database.

The CFPB is proposing to expand the disclosure to include unstructured consumer complaint narrative data. Only those narratives for which opt-in consumer consent had been obtained and a robust personal information scrubbing standard and methodology applied would be subject to disclosure. The proposed policy would supplement the CFPB's existing Policy Statements establishing and expanding the Consumer Complaint Database.

Position: The MCUL understands the importance of a sound complaint system for consumers as well as the benefit regulators provide by investigating consumer complaints. However, credit

8-22-2014 **9-22-2014** (extended)	7-30-2014 14-CC-14	9-22-14

unions were not the bad actors in the financial crisis that resulted in the passage of Dodd-Frank and the creation of the CFPB. The NCUA and the credit union state examiners evaluate credit unions' member complaint processes thoroughly, and credit unions take great care in managing and responding to any and all complaints received. Therefore the MCUL does not believe the proposed complaint narrative is necessary and may in fact be actively harmful from a reputational standpoint.

Status: Comment Letter submitted September 19, 2014

13. NCUA - Appraisals

8-25-2014	7-8-2014 14-CC-13	8-25-2014

Each year the NCUA reviews one-third of its regulations for substance and clarity, and provides notice to the public of those regulations under review so that the public may have an opportunity to provide comments. In 2013 NCUA reviewed part 722, along with several other parts of the NCUA's regulations. Part 722 specifically sets forth the appraisal requirements for federally-related real estate transactions. The appraisal requirements in part 722 are generally equivalent to the appraisal requirements of the other Agencies, however NCUA received numerous comments during the public comment period requesting a specific change to 722.3(a)(5) to better align NCUA's appraisal requirements with those of the other banking agencies. Specifically commenters requested that NCUA expand the current appraisal exemption for existing extensions of credit to allow FICUs to refinance or modify a real estate related loan held by the credit union in a declining housing market without having to obtain an additional appraisal.

Additionally, comments were received requesting the NCUA eliminate the duplicative portion of the requirements in 701.31(c)(5) that mandate that FCUs make available to any requesting member/applicant, a copy of the appraisal used in connection with that member's application for a loan secured by a first lien on a dwelling. A recent amendment to 1002.14 of Regulation B by the CFPB requires that all creditors, including FCUs, now automatically provide applicants free copies of all appraisals and other written valuations developed in connection with an

application for a loan to be secured by a first lien on a dwelling. As a result of this amendment the requirements of the NCUA's 701.3 and Regulation B's 1002.14 now overlap with respect to providing copies of appraisal used in connection with an application for a loan secured by a first lien on a dwelling.

Position: Comment Letter submitted August 25, 2014

Status: The MCUL is pleased by the NCUA's efforts to modernize their regulations and better align them with the rules of the CFPB as well as those of the Other Banking Agencies, while also reducing costs for FICUs and their members, and removing outdated regulatory requirements. However, the MCUL encouraged the NCUA to continue to take heed in reviewing comments submitted by credit unions and trade association when proposing regulations as to continue to assist credit unions and alleviate regulatory burden. With the NCUA maintaining appraisal requirements for subordinate lien loans for Federal Credit Unions, the requirements differ between NCUA and that of the CFPB's Regulation B Valuations Rule. The MCUL strongly encouraged the NCUA to harmonize its proposed rule with the CFPB rule for first-liens, to avoid confusion and the risk of inadvertent non-compliance with either.

12. NCUA – Safe Harbor

The NCUA is proposing to amend its regulations regarding the treatment, as liquidating agent or conservator of a federally insured credit union of financial assets transferred by the credit union in connection with a securitization or a participation. The proposed rule continues the safe harbor for financial assets transferred in connection with securitizations and participations where the financial assets were transferred in compliance with the existing regulation and defines the conditions for safe harbor protection for securitizations and participations for which transfers of financial assets would be made after the effective date of the proposed rule.

8-25-2014	7-8-2014 14-CC-12	8-25-2014

Position: In general, the MCUL is supportive of both the Asset Securitization and Safe Harbor rules. However, the MCUL strongly encourages the NCUA to consider expanding the ability to securitize loans that are purchased by the credit union, as well as originated. The MCUL encourages the NCUA to consider criteria to mitigate the perceived risk as opposed to the blanket prohibition of the activity. Status: Comment letter submitted August 25, 2014.		
11. NCUA – Asset Securitization The NCUA is proposing the amendment of its regulations to clarify that a federal credit union (FCU) is authorized to securitize loans that it has originated, as an activity incidental to the FCU business, provided the transaction meets certain requirements. The proposal would also apply the same requirements to federally insured state-chartered credit unions (FISCUs) that are permitted by state law to securitize their assets. Position: In general, the MCUL is supportive of both the Asset Securitization and Safe Harbor rules. However, the MCUL strongly encourages the NCUA to consider expanding the ability to securitize loans that are purchased by the credit union, as well as originated. The MCUL encourages the NCUA to consider criteria to mitigate the perceived risk as opposed to the blanket prohibition of the activity. Status: Comment letter submitted August 25, 2014.	8-25-2014	6-30-2014 14-CC-11 8-25-2014
10. CFPB – Amendments to the 2013 Mortgage Rules under the Truth in Lending Act The CFPB is proposing three amendments to the 2013 Mortgage Rules: • Provide an alternative definition of the term "small servicer," that would apply to certain nonprofit entities that service (for a fee) loans on behalf of other nonprofit chapters of the same organization. • Amend the Regulation Z ability-to-repay requirements to provide that certain interest-free, contingent subordinate liens originated by nonprofit creditors will not be counted	7-7-2014	6-9-2014 14-CC-10 7-7-2014

towards the credit extension limit that applies to the nonprofit exemption from the ability-to-repay requirements.
- To provide a limited, post-consummation cure mechanism for loans that are originated with the good faith expectation of qualified mortgage status but that actually exceed the points and fees limit for qualified mortgages.

In addition to providing specific proposals on these issues, the CFPB is seeking comment on two additional topics:

- Whether and how to provide a limited, post-consummation cure or correction provision for loans that are originated with the good faith expectation of qualified mortgage status but that actually exceed the 43-percent debt-to-income ratio limit that applies to certain qualified mortgages.
- Feedback and data from smaller creditors regarding implementation of certain provisions in the 2013 final mortgage rules that are tailored to account for small creditor operations and how their origination activities have changed in light of the new rules.

Position: The MCUL supports any exemptions provided for entities considered small servicers and those with an affiliate relationship; however the MCUL strongly encourages the CFPB to provide additional exemptions beyond the proposed exemption for certain "non-profits." The MCUL is also supportive of the CFPB's proposed "points and fees" cure mechanism for loans originated with good-faith expectation of qualified mortgage status that inadvertently exceeded the points and fees limitations to be considered a qualified mortgage. The MCUL does not feet that the proposed 120-day post consummation period provides an adequate amount of time for credit unions to review all loans originated and engage in appropriate procedures to cure the overage, as such, the MCUL urges the CFPB to expand the post-consummation period to 180 days. Additionally, the MCUL is supportive of a debt-to-income cure or correction mechanism in situations where the creditor incorrectly calculates the 43% debt-to-income ratio when originating a general definition qualified mortgage. The MCUL also used this opportunity, as in past letters to the CFPB to advocate for increases in the small creditor threshold.

Status: Comment Letter submitted July 7, 2014

9. NCUA – NCUA Chartering and Field of Membership

6-30-2014	5-28-2014 14-CC-9	6-30-2014

The NCUA is proposing to amend the associational common bond provisions of the chartering and field of membership rules. The amendments will establish a threshold requirement that an association not be formed primarily for the purpose of expanding credit union membership. Amendments are also being proposed to expand the criteria in the totality of the circumstances test. Lastly, NCUA is proposing to grant automatic qualification under the associational common bond rules to certain categories of groups that NCUA has approved in the past, after applying the totality of the circumstances test.

Position: The MCUL supports the NCUA's proposal to automatically approve certain associations. However, the MCUL has significant concerns about the NCUA's proposed review of associations within FCUs' existing fields of membership, and the potential for the NCUA to require credit unions to remove an association from their field of membership. The MCUL strongly supports the NCUA's proposal to grandfather existing members in these situations and encourages the NCUA to grandfather previously approved associations as well. Even though an automatic approval component for some associations certainly helps ease some expansion and provide some regulatory relief, the MCUL believes the NCUA should be more innovative and progressive in allowing for multiple and combined field of membership types, and especially in the case of credit union mergers.

Status: Comment Letter submitted on June 30, 2014.

6-12-2014 **7/14/2014** (extended)	5-21-2014 14-CC-8	7/14/2014
5-27-2014 **6-6-2014** (extended)	5-9-2014 14-CC-7	6-6-2014

8. CFPB – Amendments to Annual Privacy Notice Requirements

The Gramm-Leach-Bliley Act (GLBA) and its implementing regulation, Regulation P, require that credit unions provide consumers with certain notices describing their privacy policies. Generally, credit unions are required to provide this notice initially at account opening and then annually every year the relationship continues. These privacy notices inform consumers with their right to opt out of the credit union sharing certain nonpublic information with nonaffiliated third parties.

The CFPB is proposing to allow financial institutions that do not engage in certain types of information-sharing activities to stop mailing an annual disclosures if they post the annual notice on their website and meet other conditions.

Position: The MCUL is supportive of regulatory revisions that provide relief to credit unions and that are less confusing for credit union members. Although the MCUL believes the proposed revisions to Regulation P will provide relief to a significant number of credit unions, we believe the scope could be expanded, even if an opt-out alternative is provided and certain information shared. The MCUL strongly disagrees with the CFPB's belief that the proposed alternative delivery method might not be as effective in alerting members of their ability to opt out of certain types of information sharing as the current delivery method. Providing notification to members through statement messages regarding important account information is permissible under other regulations now overseen by the CFPB, such as TISA and Regulation E. Discounting this method of delivery would be inconsistent and unjustified.

Status: Comment Letter submitted on July 14, 2014.

7. CFPB – Electronic Funds Transfers (Regulation E)

The Consumer Financial Protection Bureau (CFPB) proposes to amend Regulation E, which implements the Electronic Funds Transfers Act (EFTA), by extending a temporary provision that permits credit unions to estimate certain pricing disclosures pursuant to the international remittance transfer (IRT) requirements in the Dodd-Frank Act. This exception would expire on

July 21, 2015 if action is not taken by the CFPB to extend it. The CFPB is therefore proposing to extend this exception from July 21, 2015 to July 21, 2020.

The CFPB also proposes several technical and clarifying amendments, including the application of the remittance transfer rule to transfers to and from US military installations abroad; the treatment of transfers from non-consumer accounts; the treatment of faxes; when a provider may treat a communication regarding a potential remittance transfer as an inquiry; the Web site addresses to be disclosed on consumer receipts; and error resolution provisions related to delays and remedies.

Position: The MCUL is generally supportive of any exception to the CFPB rules that will provide regulatory relief to credit unions. In this proposed rule, the CFPB would extend a temporary exception that allows covered remittance transfer providers to estimate fees and exchange rates in certain circumstances to July 21, 2020 (from July 21, 2015). The MCUL agrees with the CFPB's analysis that allowing the sunset of this exception, which provides one of the few elements of relief in this bill, would negatively affect credit unions' ability to continue to provide the service. The MCUL appreciates the CFPB's proposed revisions aimed at further clarification and providing commentary to the existing rules. However, the MCUL believes the CFPB is missing an opportunity to consider material revisions, including the increase of the safe harbor threshold that will directly benefit consumers. As discussed in the letter, the CFPB has limited consumer choices and caused providers to charge higher fees. Without intervention and further expansion of a safe harbor, credit unions (and other financial institutions) will continue to limit or eliminate this service for their members, and without a competitive market, costs will continue to soar while provider options continue to deteriorate.

Status: Comment letter submitted on June 6, 2014.

6. Joint Agency – Minimum Requirements for Appraisal Management Companies

6-9-2014 4-14-2014
14-CC-6

The joint agencies (Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC);

National Credit Union Administration (NCUA); Bureau of Consumer Financial Protection (Bureau); and Federal Housing Finance Agency (FHFA) (collectively the "Agencies") are proposing a rule to implement the minimum requirements of the Dodd-Frank Act to be applied to States in the registration and supervision of appraisal management companies (AMCs). The proposed rule would:

1. Establish the minimum requirements for the registration of AMCs;
2. Establish the minimum requirements for AMCs that register with the State;
3. Require Federally regulated AMCs to meet the minimum requirements; and
4. Require the reporting of certain AMC information to the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examinations Council (FFIEC).

Position: No position required. The MCUL did not provide comment.

Status: Comment Call submitted on April 14, 2014.

5. NCUA Regulatory Review 2014

8-4-2014 4-9-2014
14-CC-5

The NCUA reviews all of its existing regulations every three years. The NCUA maintains rolling review schedule that identifies one- third of its regulations for review each year and provides notice to the public of those regulations under review so the public may comment on possible amendments or improvements to the rules.

Based on the NCUA's Office of General Counsel notification the following regulations are up for review in 2014

12 CFR 748	Security Program, Report of Suspected Crimes, Suspicious Transactions, Catastrophic Acts and Bank Secrecy Act Compliance
12 CFR 749	Records Preservation Program and Appendices
12 CFR 750	Golden Parachute and Indemnification Payments
12 CFR 760	Loans in Areas Having Special Flood Hazards
12 CFR 761	Registration of Residential Mortgage Loan Originators
12 CFR 790	Description of NCUA; Request for Agency Action
12 CFR 791	Rules of NCUA Board Procedure: Promulgation of NCUA Rules and Regulations

Public Observation and NCUA Board Meetings
12 CFR 792 Requests for Information under the Freedom of Information Act and Privacy Act
12 CFR 793 Tort Claims Against the Government
12 CFR 794 Enforcement of Nondiscrimination of the Basis of Handicap in Programs or Activities Conducted by the NCUA
12 CFR 796 Post- Employment Restrictions for Certain NCUA Examiners
12 CFR 797 Procedures for Debt Collection

Position: In Research Stage

Status: Comment Call submitted on April 9, 2014.

4. NCUA – Voluntary Liquidation

5-2-2014 3-24-2014
14-CC-4

The NCUA is proposing to amend its voluntary liquidation regulation for liquidating federal credit unions (FCUs). The proposal would:

1. Permit liquidating FCUs to publish required creditor notices in either electronic media or newspapers of general circulation;
2. Increase the asset-size threshold for requiring multiple creditor notices;
3. Require that preliminary partial distributions to members not exceed the insurance limit for any member share account;
4. Specify when liquidating FCUs must determine member share balances for the purpose of distributions; and
5. Permit liquidating FCUs to distribute member share payouts either by wire or other electronic means or by mail or personal delivery

Revisions are being made to increase asset size thresholds to reduce regulatory burden for smaller FCUs and to recognize and incorporate technological advances with the increased use of electronic and internet communications, as well as electronic payment methods

Position: No position required. The MCUL did not provide comment.

Status: Comment Call submitted on March 24, 2014.

3. Availability of Funds and Collection of Checks – Regulation CC

5-2-14	3-4-14 14-CC-3	5-2-14

The Federal Reserve Board (Fed) is proposing revisions to Regulation CC which implements the Expedited Funds Availability Act and the Check 21 Act. The Fed is proposing two alternative approaches to modify the current expeditious-return and notice of nonpayment requirements to encourage financial institutions to transition to electronic returns, as opposed to paper. There are also revisions related to electronic checks and returns, electronically-crated items that are not derived from paper checks and remote deposit capture (RDC).

Position: The MCUL believes the proposed revisions to Regulation CC raise significant concerns for the necessary technological growth and advancement within the industry that consumers expect, and increasingly demand. Portions of this proposal would negatively impact credit unions' desire and ability to offer RDC services for their members, given the unpredictable and arbitrary risk of having to indemnify an unknown and speculative number of institutions in the event of manual fraud, no matter what precautions they may have taken. Those that do make the risk-based decision to continue the service will be forced to decide upon increased fees to mitigate risk and keep the product viable. RDC usage has more than doubled among credit unions over the past year – this service is increasingly necessary to accommodate members' needs and to keep pace with other industry actors. The MCUL strongly encouraged the FRB to reconsider the shift of liability as proposed.

Status: Comment letter submitted on May 2, 2014.

2. NCUA Prompt Corrective Action – Risk Based Capital Proposal

5-28-14	2-14-14 14-CC-2	5-28-14

The NCUA has issued its proposed rule regarding changes to Prompt Corrective Action (PCA) – Risk Based Capital. The NCUA indicates the proposed risk-based capital requirements would be more consistent with the NCUA's risk-based capital measure for corporate credit unions and the

regulatory risk-based capital measures used by the Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve, and Office of the Comptroller of Currency (OCC). In addition to the proposed changes to risk-based capital requirements, the proposed revisions would revise the risk-weights for many of NCUA's current asset classifications, require higher minimum levels of capital for federally insured natural person credit unions with concentrations of assets in real estate loans, member business loans (MBLs) or higher levels of delinquent loans. Additionally, the NCUA has indicated that individual credit unions may be required to maintain higher levels of risk-based capital if the agency raises supervisory concerns.

The proposal also eliminates provisions existing currently in part 702 relating to transfers to the regular reserve account, the standard calculation of risk-based net worth requirement, alternative components for standard calculation and risk-mitigation credit.

The proposal would apply to all federally insured, "natural person" credit unions with assets over $50 million, otherwise defined as "complex" credit unions. This equates to 2,237 credit unions. According to the NCUA, based on June 2013 call report data, in excess of 90% of credit unions that would be affected by the rule would be considered either well or adequately capitalized under the proposal. However, 199 credit unions that are currently considered well capitalized would see their status drop under the proposed rule with 189 moving to adequately capitalized and 10 of those credit unions deemed undercapitalized.

Position: The MCUL, while supportive of the NCUA's efforts to construct a risk-based capital system that would provide credit unions parity with corporate credit unions and community banks, the MCUL believes the NCUA has missed the mark in a number of significant ways.

The MCUL is advocating for the NCUA to go back to the drawing board and start over with this proposal as discussed in our comments to the NCUA. The proposal, in its current form, would disadvantage credit unions in the marketplace, choke off innovation and cooperation and stifle appropriate risk taking – all to the detriment of credit union members and local neighborhoods across Michigan. The proposal does not meet the needs of the credit union industry or adequately address concerns that such a system should be designed to do. As the NCUA

attempts to regulate interest rate risk, concentration risk and CUSO investments with this proposal, the agency essentially fails at providing regulatory relief from current, unnecessary regulatory net worth requirements that place credit unions at a disadvantage to competing institutions. The agency creates serious pressures that will drive more mergers and increase costs to the NCUSIF – not a result that either the NCUA or the industry would see as favorable. More liquidity (i.e. less lending and product offering), and less CUSO collaboration will result from this regulation, both of which are negative and counterproductive results for the industry and the members we serve. The MCUL believes the NCUA is listening and looks forward to significant modifications to the proposal that will best serve the credit union industry and avoid any potential negative consequences for currently affected credit unions and those that will be in the future.

Status: Comment Letter submitted May 27, 2014

1. Federal Reserve Policy on Payment System Risk; Procedures for Measuring Daylight Overdrafts and **Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through Fedwire; Time of Settlement by a Paying Bank for an Item Received from a Reserve Bank**

Federal Reserve Policy on Payment System Risk; Procedures for Measuring Daylight Overdrafts

The Federal Reserve Board of Governors (Board) proposes moving the posting time for ACH debit transactions, posting commercial check transactions, both credits and debits and moving the settlement of large-value credit corrections and adjustments. Additionally, the Board proposes to post large-value debit corrections at the same time as large-value debit adjustments after the close of the Fedwire Funds Service.

Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through Fedwire; Time of Settlement by a Paying Bank for an Item Received from a Reserve Bank

02-10-14	02-03-14 14-CC-1

The proposed rule would permit the Reserve Banks to require paying banks that receive presentment of checks from the Reserve Banks to make proceeds of settlement for checks available to the Reserve Banks as soon as one half-hour after receiving the checks. Additionally, the proposed rule would permit the Reserve Banks to require a paying bank to settle for an item by as early as 8:30am, instead of 9:30am.

Position: No position required. The MCUL did not provide comment.

Status: Comment Call submitted on February 3, 2014.

31. Interagency Statement – Establishing Joint Standards for Assessing Diversity Policies and Practices

02-07-14	12-10-13 13-CC-31	2-7-14

The Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau and Securities and Exchange Commission represent the "Agencies". The Agencies are proposing joint standards for assessing the diversity policies and practices of the entities they regulate.

Section 342 of the Dodd Frank Act required the establishment of an Office of Minority and Women Inclusion ("OMWI Office") in each "Agency", for credit unions this would be the NCUA. The Director heading the OMWI Office is responsible for matters relating to diversity in management, employment and business activities. The OMWI Director is required to develop standards for "assessing the diversity policies and practices of entities regulated by the agency."

The Agencies are proposing joint standards and factors that may be considered in an "assessment" of the diversity policies and practices of the credit union. Those standards include

a. Organizational Commitment to Diversity and Inclusion
b. Workforce Profile and Employment Practices
c. Procurement and Business Practices – Supplier Diversity
d. Practices to Promote Transparency of Organizational Diversity and Inclusion

Position: The MCUL commented on the Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Procedures of Regulated Entities. As written, the MCUL believes that the proposal lacks justification for further "self-assessment" which inevitably will require additional staff time and increased costs, with little explanation of how this proposal provides information that is any more useful or informative than what is captured by the Equal Employment Opportunity Commission (EEOC) – who has the authority under existing statue to take disciplinary actions for violations of these respective federal laws. The MCUL agrees that greater diversity and inclusion promotes stronger, more effective and more innovative businesses, but believes that the existing federal framework provides the necessary information that can be evaluated to determine compliance with required diversity. With this groundwork already in place, the MCUL believes the NCUA should work with this existing regulatory framework, along with the EEOC, instead of adding requirements for credit unions that have made a commitment to, and strongly support workplace diversity, and have policies and procedures to ensure it.

Status: Comment Letter Submitted on February 7, 2014.

Requirements for Contacts with Federal Credit Unions – Home Based

The NCUA proposed a rule to amend part 701 to require examinations and other contacts between NCUA staff and staff or officials of a FCU to occur in an FCU's business offices or other public location (this does not include a private residence). The proposal would also require all FCUs to obtain and maintain a business office, not located on the premises of a private residence address, no later than two years following the effective date of the final rule.

Position: The MCUL strongly disagreed with the NCUA's approach to broadly apply regulations that will detrimentally impact many credit unions for issue that could easily be addressed on a individual, institutional basis. The MCUL believes if the final rule is passed as proposed, it will force in-home FCUs to end their services, merge or liquidate.

01-23-2014	No Comment Call Submitted	01-23-2014

Status: Comment Letter Submitted on January 23, 2014.