



New CURIA Bill Introduced by Congress

The 2007 Credit Union Regulatory Improvement Act (CURIA, H.R. 1537), has been introduced on Capital Hill. 10 representatives have immediately backed it. The bill, as it stands now, remains much like the bill proposed during the last congressional session.

As introduced, H.R. 1537 would, in part:

- Incorporate the National Credit Union Administration's prompt corrective action (PCA) reform/risk-based capital proposal to modernize net worth standards, thus freeing up additional capital for credit unions to provide their members with better and more affordable services; and
- Increase the current cap on loans to members for business purposes (MBLs) from 12.25% to 20% of assets, allowing credit unions to assist more members start and expand small businesses and to promote economic growth. The bill would also exempt loans under \$100,000 and those to nonprofit religious organizations from the MBL calculation.

The new provisions would:

- Establish additional consumer safeguards to ensure even greater participation and transparency in the process of converting credit unions to another type of financial institution, including the requirement that at least 30% of a credit union's members participate in any vote to convert to a mutual savings bank; and
- Clarify the 1998 Credit Union Membership Access Act to allow all credit unions, regardless of charter type, to serve those in underserved areas. The bill would also update the definition of an underserved area, incorporating definitions from the Community Development Financial Institutions Act and the New Markets Tax Credit.

It is important to remember that this is just a proposed bill, however it does indicate the atmosphere on Capital Hill and the interests of many congressmen to continually review and improve the regulatory requirements, limitations, and structures of credit unions throughout the United States.

Disaster Preparedness

As discussed in a previous Compliance Corner, Disaster Preparedness will be a “hot topic” for regulators and examiners this year. On Thursday, March 15th, the NCUA board unanimously voted to publish a proposed rule to clarify the obligations of federally insured credit unions to maintain a records preservation program that would be in effect in case of a catastrophe.

The proposal revises the term “catastrophic event” to mean any event causing an interruption in “vital member service” for more than two business days. The plan would also revise the Records Preservation Program and Record Retention Appendix (Part 749), to:

- Change the vital records definition to clarify that share, deposit, and loan balances for each member’s account should be available as of the most recent business day, while a financial report of the credit union’s asset and liability accounts and bank reconciliements should be available as of the most recent month’s end. All other vital records should be updated as changes occur.
- Require credit unions to maintain certain emergency contact information
- Designate that a credit union’s back-up site may be another federally-insured credit union
- Add language to address the importance of having any equipment or software necessary to access the vital records at the center; and
- Incorporate recommendations on restoring essential member services in the event of a catastrophic act.

The proposed rule clarifies that credit unions must maintain a back-up site for vital records and to be able to reinstate member services and communication as quickly as possible to strengthen member confidence in the credit union. NCUA Chairman, Jo Ann Johnson stresses that this is the most important provision of the proposed rule. The agency also adopted proposed guidelines, which carry a 45 day comment period, that recommended that a credit union’s catastrophic preparedness program include the following five elements:

1. A business impact analysis
2. A risk assessment
3. A written plan
4. Internal controls
5. Annual testing

Though the five elements were proposed as guidelines rather than actual rules, Chairman Johnson warns that a regulatory rule could be developed if examiners are finding that credit unions do not follow the guidelines.

Bills Currently Being Considered by Illinois Legislators

The following is a list of bills and their provisions currently being considered by Illinois law makers. This list is not exhaustive, but contains a brief synopsis of possible legislation that could affect credit unions.

- HB 292— Amends the Interest Act. It would prevent a financial institution from increasing an annual percentage rate for a late payment if the payment is has been **postmarked** or entered electronically on or before the date that the payment was due.
- HB 332— Amends the Residential Mortgage License Act of 1987. In a section concerning lending procedures, it provides that a licensee may not deny an application for a mortgage solely on the basis of credit information of prospective customers. If the licensee does, it must provide the affected party with an explanation for the action and allow the customer to explain the credit information.

Bills Currently Being Considered by Illinois Legislators (cont.)

- HB 369— Amends the Consumer Fraud and Deceptive Business Practices Act. It provides that no person or entity shall sell a gift certificate or gift card that is subject to an expiration date or a fee. This would affect the ability to provide VISA check cards as gift certificates.
- HB 605— Amends the Personal Information Protection Act. It would require a credit union to inform members of a breach of **written information**, not just electronic information (such as someone went through the trash).
- HB 1427— Amends the Real Estate Appraiser Licensing Act of 2002. Provides for several changes in the licensing or real estate appraisers.
- HB 1564— Amends the Consumer Fraud and Deceptive Business Practices Law. Provides that *any payment* owed by a consumer is deemed paid as of the **post office cancellation date stamped** on the envelope or other cover in which the payment is mailed, regardless of when the payment is received, and no additional fee, penalty, or interest may be imposed by any person or any consumer whose payment is delivered by United States mail if the post office cancellation date stamped on the envelope or other cover containing payment falls within the prescribed period or on or before the prescribed date for making the payment.
- HB 3725— Creates the Illinois Financial Information Privacy Act. It would allow consumers to direct a financial institution to not share their nonpublic personal information with affiliated companies or with nonaffiliated financial companies with which the financial institution has contracted to provide financial products and services.
- SB 28— Creates the Automated Teller Machine Overdraft Disclosure Act. It would require operators of automated teller machines to provide consumers with a full and complete *disclosure of overdraft fees and penalties* if the consumer completes a transaction that causes the associated account to be overdrawn.
- SB 319— Creates the Uniform Real Property Electronic Recording Act. Provides that a county Recorder may receive, index, store, archive, and transmit any documents to be filed for real estate electronically, that all signatures can be made in accordance with electronic signature rules and that any document required to be provided in hard copy or notarized is also legal if done electronically.
- SB 515— Amends the Residential Mortgage License Act of 1987. *It provides that certain loan originators that are now exempt shall be subject to registration.* It also provides that an employee of a loan originator is exempt from registration.
- SB 703— Amends the Conveyances Act. This bill provides that every mortgage securing residential real estate shall have attached a rider, certified by the mortgage lender, that states the name of each participant in the origination of the mortgage, the participant's applicable license or registration number, if any, and the participant's function by using these function categories: mortgage origination company; loan officer; appraiser; real estate broker for the seller; real estate broker for the buyer; lender funding the mortgage; and title insurance company.
- SB 1270— Creates the Consumer Contract Plain Language Act. It will require that consumer contracts involving less than \$100,000 meet certain criteria to be clear and readable. It authorizes the Attorney General to bring action to restrain the use of a consumer contract that violates the Act.
- SB 1675— Amends the Consumer Fraud and Deceptive Business Practices Act. This would affect consumers who want to use their debit cards at places such as gas stations and restaurants that place a hold on funds when approving a transaction. It would require any person or entity who places a hold on an account to ensure payment for future services to provide the consumer with a written statement that includes a reasonable price quote for the transaction. It also prohibits the person or entity from debiting the individual's bank account in an amount greater than the price quoted on the written statement unless, at the time services are complete, the amount actually incurred by the individual exceeds the amount of the quoted price (for example: a gas station places \$40 on reserve when it pre-approves the transaction. Once the gas is pumped, the total price is \$34. The station may only charge \$34. If the price is \$43, the station may charge \$43). This would greatly affect credit union members because it has the potential to affect how widely accepted debit cards are for payment. (It would not affect credit cards.)

Training Calendar

Training Classes are almost finished! The only classes remaining are as follows:

1. Fair Housing and Flood Disaster Protection Act (loan staff) will be on Wednesday, March 21st
2. TISA/TILA Advertising (front line/ loan staff/ Marketing) will be on Monday, March 26th and Tuesday, March 27th
3. RESPA and Reg X will be on Wednesday, April 18th
4. Post Testing (all staff) will be on Monday and Tuesday, April 22nd and April 23rd.

Please refer to the previously disclosed (via e-mail) dates for make-up



As I was researching common grammatical errors or word misusage, I ran across a list of rather humorous misuses. I hope you find them as funny as I!



This newsletter will be archived on the ISPCU intranet!

What was said	What was meant
acrosst	across
altercations	alterations
alterior	ulterior
as a pose to	as opposed to
assumably	presumably
beautify a saint	beatify a saint
Cadillac converter	catalytic converter
case and point	case in point
cease and decease	cease and desist
conservative effort	concerted effort
deformation of character	defamation of character
escape goat	scapegoat
exasperated	exacerbated
expediate	expedite
internally grateful	eternally grateful
Pre-Madonna	Prima Donna
radioactive increase	retroactive increase
self-defacing	self-effacing