

I volunteer at our local community theatre building sets and as a board member. And no, I don't even attempt to act. The board has an upcoming strategic planning session. Each board member has been asked to bring one item that can be held in your hand that represents the essence of who you are.

That simple request has challenged me to reflect on not only the essence of who I am, but what is the essence of our company? I think the company answer is focus on what you do best and not try to be all things to all people. Credit Unions figured this out long ago.

It's far more energizing to know your sweet spots and capitalize on them rather than attempt to be all things to everyone. If you really know who you are and what your team does best, you can differentiate your organization in a sea of competitors.

We learned early on that Credit Unions want to work with someone who understands the nuances of their culture and the dynamics of their world. They want a specialist that understands that they are not looking for a forms company as much as they are looking for a company whose documents keep them in compliance and enhances making it easy for members to do business with their Credit Union.

Now back to the essence of me... So far, I haven't been able to come up with an item I can hold in my hand to define the essence of who I am. Heck, I can't even get my arms around the thought, much less hold it in my hand. To me essence of who you are is that indefinable something inside us that makes us who we are. I believe it's a combination of spirituality, empathy, initiative, integrity, willingness to work hard, creativeness and overall good character.

Mark Staley
President

News at Conmar

New Team Member

We welcome Becky Wallace as a customer service representative. Becky recently moved to the Atlanta area from Augusta, GA. Becky is a credit union professional having previously worked with Health Center Credit Union. We are fortunate that family considerations resulted in Becky moving to our area.

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Car School

I recently sat in on an all-day session that taught credit union loan officers how to teach their members to buy a vehicle and defend themselves against tactics used by many auto dealers at the expense of credit union members and to show them how to save money on their purchase. The session was conducted by long time finance and insurance presenters that had left the car business and now worked in credit unions. What an eye opener! I asked and was told that this same presentation can be made available to interested credit unions.

Texting for Credit Unions

I recently saw a presentation from a company that can activate texting on existing business phone numbers to allow employees to send and receive texts from their desktop computers. Texting gets a response faster. People open emails 56% of the time and even fewer open voicemails. But a whopping 98% of text messages are opened by recipients. Statistics indicate that texting will outpace email as a method of communication. Plus, texting is more secure than email. We in the credit union world need to be thinking about how texting will impact our businesses. Consumers (especially millennials) increasingly want to text businesses and are more likely to choose a business that offers texting. Millennials now outnumber Boomers and Millennials do business differently. For example, Millennials tend to adapt to new technologies easily and quickly and are generally more comfortable with doing business remotely and virtually. Millennials seek authenticity, relationships and connections which makes them ideal for using credit union products and services. I believe that texting on landlines using existing business phone numbers from desktops has a place in credit unions.

"Compliance Thoughts for Review"

Information about debt collection phone calls

The FCC, in interpreting the Telephone Consumer Protection Act (TCPA) addressed the question of automatic dialers and prerecorded calls. Calls by debt collectors, the FCC says, are "informational" calls and the restrictions that apply to telemarketer calls do not apply to "informational" calls. The FCC went on to say that "informational" calls do not require prior written consent if made on a landline. However, prior written consent is required if prerecorded or automated calls are made to a cell phone. The FCC previously said that written consent might be made, for example, at the time of an application for credit. Text messages are considered as calls and the same rules apply. A loan application that captures applicant cell phone number is in itself determined to be permission to call the cell phone number if not using auto dialing.

Change in Terms Notices

Recent increases in the Prime Interest Rate may result in rate increases for consumer open end loan agreements (open end credit plans allow change to loan terms after written notice to affected borrowers). Keep in mind that to effect a change to an open-end credit plan, the borrower must be provided with a Change in Terms Notice no less than 45 days from the date of the change. The Change in Terms Notice must have prescribed wording shown in Regulation Z and be in the format shown in the Regulation. Conmar will provide the proper format and wording to you when requested. Loan agreements that contain a variable interest rate provision do not require notice to increase the loan interest rate.

Just How Secure Is Your Secure Protected PDF?

Long gone are the days that creating a PDF file meant that your document was safe once it left your hands (distributed online or emailed) and that the image could not be altered. You went the extra mile and inserted document security, permissions, and used a strong password that no one would ever guess. Just in the last year alone, there have been over 10 new software products that allow someone to remove all security from a PDF and leave it open to modification. There are even websites that, for a small fee, will break into a PDF that you have uploaded to them.

Not to worry though, since once security is removed, they can't make changes unless they have the professional version of Acrobat. That is also a misconception, seeing that the field is littered with third party PDF editors and generators that can easily alter your once secured and impervious PDF file. There are

ways to better protect your documents. DRM licensing is a good way, but very expensive and out of reach for most of us. Another method is using hidden fields containing javascript that hide fields or have security characteristics of their own, but even these are not foolproof and may not work across platforms.

For many, PDF files are the preferred method of distributing your required documents due to ease of creation and use. PDF files can be compared to consumer fire safes. What are you protecting? What is the cost of protection? What can you reasonably expect to happen and what does it cost to prepare for those events. Understand your PDF is reasonably safe for most applications, but if a motivated thief really wants to break in, you can slow them up, but there is little you can do to fully stop someone from gaining access to your property.

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CARD Act

The Consumer Financial Protection Bureau (CFPB) has stated that the safe harbor amounts for late charges for 2017 will remain the same as in 2016 --- up to \$27.00 for a first late payment and up to \$38.00 for each subsequent late payment over six months.

HMDA Reporting

Credit unions with assets at or below \$44 million as of December 31, 2016, will continue to be exempt from collecting and reporting HMDA data in 2017.

Military Lending Act (MLA)

The final rule for MLA expanded to a broad range of closed end and open end credit. "Consumer Credit" definition expanded to include credit to a "covered borrower" for personal, family, or household purposes and is subject to a finance charge or payable by a written agreement in more than four installments. A "covered borrower" means any member of the armed forces or their dependents who is on active duty, or active guard or reserve duty.

Contact Conmar for examples of covered loans and the required disclosures.

Fair Credit Reporting Act

Many credit unions have cross-selling initiatives in place so we thought a reminder about the use of credit reports would be helpful.

A credit report pulled for a permissible purpose may NOT be used for cross-selling other products and a report previously pulled for a permissible purpose may not be used for cross-selling. It is the responsibility of the Credit Union to ensure that credit reports are pulled for permissible purposes. Those purposes are:

- A member provides written instructions giving authority to pull the report
- The report information will be used in conjunction with a loan application or to review an existing member's loan or account
- A legitimate business need for the information in connection with a business transaction initiated by the member or to review an account to determine if its terms are still met

Uniform Residential Loan Application - Update?

On August 23, 2016, Fannie Mae and Freddie Mac (the GSEs) originally published the redesigned Uniform Residential Loan Application (URLA) also known as the 1003 loan application and the 65 loan application, respectively. This early release was to provide the industry sufficient time to begin planning for implementation, system updates and transition to the new automated underwriting system. However, on November 1, 2016 the GSE released an update to the use of the new forms and the effective date.

"In response to industry inquiries, we are providing clarification on the "effective date" for the redesigned URLA. The GSEs have republished all URLA forms with an updated footer that states, "Not for Current Use" as opposed to the previous statement, "Effective 1/2018." As a reminder, the redesigned URLA should not be used until the GSEs establish final effective and mandate dates. Although a mandate or implementation timeline has yet to be determined by the GSEs, lenders may use the published documents to identify required changes to their processes and procedures."

Expanded Demographic Information.

Clients can begin collecting expanded demographic information anytime in 2017 to ramp up for the 2018 effective date for HMDA data collection. You can use the Demographic Information Addendum with the current URLA dated 7/05 (revised 6/09) or with your Conmar Home Loan Application, as a replacement for the existing Section X, Information for Government Monitoring Purposes. If the Demographic Information Addendum is used with the current URLA, Section X will need to be crossed out or otherwise deleted.

So where do we go from here?

As of today there is no known release date for the new URLA forms. If you want to begin gathering the expanded Demographic Information give us a call and we can discuss some options. Rest assured, if you are a Conmar client and use the current URLA, we will have the new version of the URLA available once the final forms are released.

Stay tuned for a Conmar Compliance Digest to be released once the GSE provides new information.

Quote for the day...

"When dealing with people, remember you are not dealing with creatures of logic, but with creatures of emotion."

Dale Carnegie