

LOANLINER[®] Compliance Solutions Quarterly Newsletter March 2022



General

LOANLINER Document Mapping Best Practices

Please review the following best practices for mapping LOANLINER documents to ensure clean and compliant versions are delivered to your members.

- For documents mapped in a core/data processing (DP) system or loan origination system (LOS) for the first time, use the most recent versions from LOANLINER.
 - If your credit union is converting from one DP/LOS to a new DP/LOS, contact LOANLINER to deliver files for use on the new system. DO NOT forward files from your existing system to the new DP/LOS. Those files may have been manipulated to meet the specific needs of that system. A second manipulation of any file increases the risk of undesired and unintended consequences.
 - LOANLINER does not charge credit unions to deliver new/current files to licensed system providers.
- While LOANLINER documents are created to include digital signature fields, e-signature and document delivery functionality resides with the DP/LOS provider. Discuss and confirm capabilities with the system provider.
- If you have questions or are unsure of something, please [contact us](#).

You may order documents for delivery to a new system provider [here](#) or by calling 800.356.5012.

When ordering, please provide your data processor (DP) and loan origination system (LOS) to ensure documents are being sent to the correct location and in the preferred format.

LOANLINER can also provide electronic documents to dealer management system (DMS) vendors for mapping and to make available to their dealership customers. Simply provide the name of the DMS vendor for the dealership when the document is ordered.



Consumer Lending

Support Your Loans with Compliance Peace of Mind: Three New Documents Available

Three new documents are now available to support your existing lines of credit and credit card accounts – a Skip Payment Request and Authorization, Credit Limit Increase Request, and Credit Card Authorized User Request:

Skip Payment Request and Authorization (MXX92*)

Documents a member's request and agreement to skip a payment on a line of credit or credit card account, and your credit union's approval or denial of the request. Additionally, the document may be used whether your credit union charges a fee to skip a payment or not.

The document complies with Regulation Z subsequent disclosure requirements for skipped payments. When using this document, all borrowers on the account must sign and agree to the skipped payments.

Credit Limit Increase Request (MXX91*)

Documents a member's request to increase their limit on a line of credit or credit card account, and your credit union's approval or denial of the request. Additionally, it provides a reminder to credit union staff to send an Adverse Action Notice when the request is denied.

The document obtains written instruction permitting your credit union to pull a credit report to evaluate the request, and to pull a credit report to cross-sell other products and services.

Credit Card Authorized User Request (MXC93*)

Documents a cardholder's request to add or remove an authorized user on their credit card account. It establishes and obtains agreement from both the cardholder and the authorized user.

You may order the new documents [here](#) or by calling 800.356.5012. Visit the [Lending Resource Center](#) to see samples.

Question of the Quarter

QUESTION:

Should a guarantor or co-signer receive a Risk-Based Pricing Notice?

ANSWER:

No. Only those who are or would be borrowers should receive a Risk-Based Pricing Notice. Regulation V § 1022.72(a)(2) clarifies that only those to whom credit is offered, granted, extended, or otherwise provided are entitled to a Risk-Based Pricing Notice. Guarantors and co-signers would not receive a notice, as they are not borrowers.

Real Estate Lending

New Document - Intent to Proceed

In response to many requests, LOANLINER Compliance Solutions has developed a new Intent to Proceed (EST80*) document that credit unions can provide to members when they deliver the Loan Estimate. This document will help credit unions fully document their members' intent to proceed with these closed-end mortgage loan applications.

As stated in Regulation Z, all closed-end consumer transactions secured by real property, or a cooperative unit require a creditor to provide the consumer with a Loan Estimate within three business days of receiving the consumer's application. Regulation Z also prohibits a creditor from imposing a fee on a consumer in connection with that mortgage application before the consumer has received the Loan Estimate and has indicated to the creditor their intent to proceed with the transaction described by those disclosures.

A consumer may indicate their intent to proceed in any manner the consumer chooses, unless a particular manner of communication is required by the lender. It is important to note that a consumer's silence does not indicate their intent since it cannot be documented to satisfy the record retention requirements (Regulation Z § 1026.25).

You may order this new electronic document [here](#) or by calling 800.356.5012.



Question of the Quarter

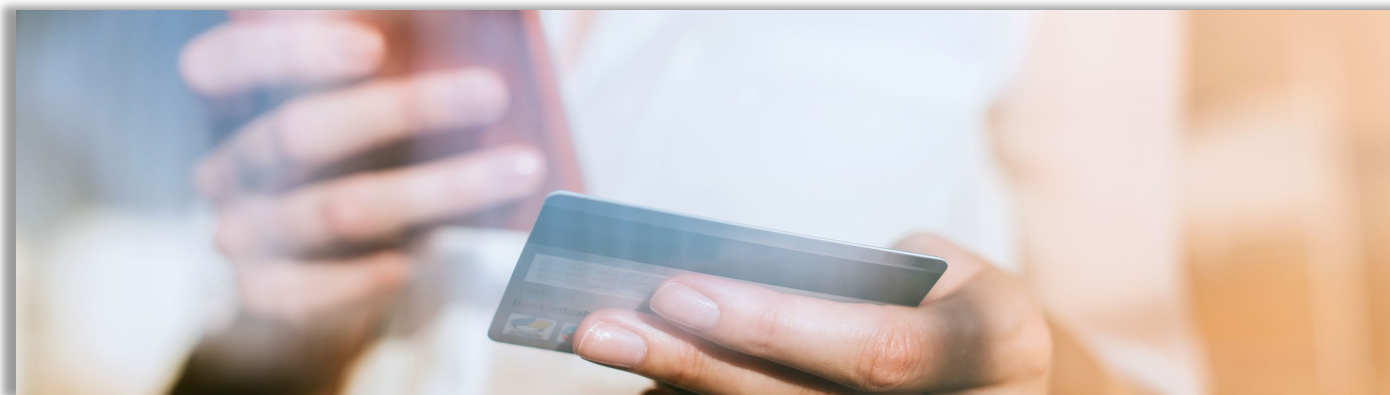
QUESTION:

Fees cannot be charged on closed-end consumer transactions secured by real property or a cooperative unit until the consumer indicates their intent to proceed. Can the credit union charge a credit report fee?

ANSWER:

Yes. Regulation Z § 1026.19(e)(2)(B) allows a creditor to impose a bona fide and reasonable fee for obtaining the consumer's credit report before the consumer has received the Loan Estimate.

Deposit



Debit Card Preauthorization Disclosures Expanded

Several deposit document enhancements have been made in recent years to provide members with additional clarity regarding overdraft protection programs and related fee assessments. These enhancements include expanded disclosures regarding the process of posting transactions to member accounts.

Credit unions using the consumer Membership and Account Agreement (MAA) and/or Business MAA have the option to include a section entitled “How Transactions are Posted to Your Account.” This section details the timing and manner in which credit and debit transactions are posted to member accounts, including signature-based debit card transactions.

The signature-based debit card transaction disclosures have been expanded to further detail the preauthorization process, including an example that illustrates how members may incur overdraft fees at the time their transactions post, even when those transactions are previously authorized. You may view the enhanced “Signature-Based Debit Card Transactions” section in current samples of the [MAA](#) (see Section 14b) or [Business MAA](#) (see Section 9c).

Credit unions that have opted to include the “How Transactions are Posted to Your Account” section in the MAA and/or Business MAA may order updated agreement(s) [here](#) or by calling 800.356.5012.

Question of the Quarter

QUESTION:

Do LOANLINER documents include language that allows credit unions to shift liability to members for misdirected wire transfers when they provide incorrect recipient (beneficiary) or financial institution information to the credit union?

ANSWER:

Yes. The [Fund/Wire Transfer Request](#) includes this type of risk-shifting language within the document’s signature section. Similar provisions also included in the “Fund Transfers” sections of the [MAA](#) and [Business MAA](#) (see paragraph entitled “Identifying Information”).

Send Us Your Questions & Feedback



Thank you for your continuing passion and support of your members and communities, and for choosing LOANLINER Compliance Solutions for your credit union. Service and support are available through a variety of resources:



To schedule a [Consultant Appointment](#)



For [Inquiries](#)



To place an [Order](#)



To speak with a Customer Support Consultant, call **800.356.5012**

Help ensure your peers and you are receiving the information you need by providing us with your feedback on this newsletter. We would appreciate your feedback on content, format, organization, and anything else you would like to share with us. Please submit your feedback to us [here](#).

If you have any questions or would like more information about the topics discussed in this newsletter, submit your questions [here](#).

LOANLINER Compliance Solutions

800.356.5012

loanliner@cunamutual.com

Information provided in this document should not be construed as legal services, legal advice, or in any way establishing an attorney-client relationship. Credit unions should contact their own legal counsel for advice. Information may have changed since this document was prepared. This information is intended only to be a summary of the issues.

CUNA Mutual Group is the marketing name for CUNA Mutual Holding Company, a mutual insurance holding company, its subsidiaries and affiliates.