



Credit Union Regulatory Compliance Hot Topics

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Principal – Regulatory Compliance Consulting

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Experience

Shaun serves as the principal for the Regulatory Compliance Consulting Financial Services practice out of the Little Rock office. His experience is within the regulatory compliance area and focuses on community and middle market financial institutions. He has over 20 years of consulting experience and has worked with more than 200 banks with their compliance and Bank Secrecy Act (BSA) programs. He is a featured speaker at many events across the country and considered a subject matter expert in consumer compliance and BSA related rules.

He currently holds the Certified Regulatory Compliance Manager (CRCM) and Certified AML and Fraud Professional (CAFP) designations from the American Bankers Association. Arkansas Business named him one of “40 under 40” in 2014. Shaun is a 2001 graduate of the University of Central Arkansas with a B.A. in finance and 2003 graduate of Arkansas State University, with an M.B.A. degree. In addition, he is a 2007 summa cum laude graduate of Barret School of Banking, Memphis, Tennessee, where he also now serves as an instructor for the compliance section of the school.



Natalie Torbet – CRCM, CAFP

Senior Manager – Financial Services Risk & Regulatory Consulting

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Experience

Natalie has 15 years of banking experience with more than eight years concentrated in regulatory compliance with a focus on lending, deposit, and Bank Secrecy Act (BSA)/anti-money laundering regulations and has worked with financial institutions ranging in asset size from \$54 million to \$12.9 billion.

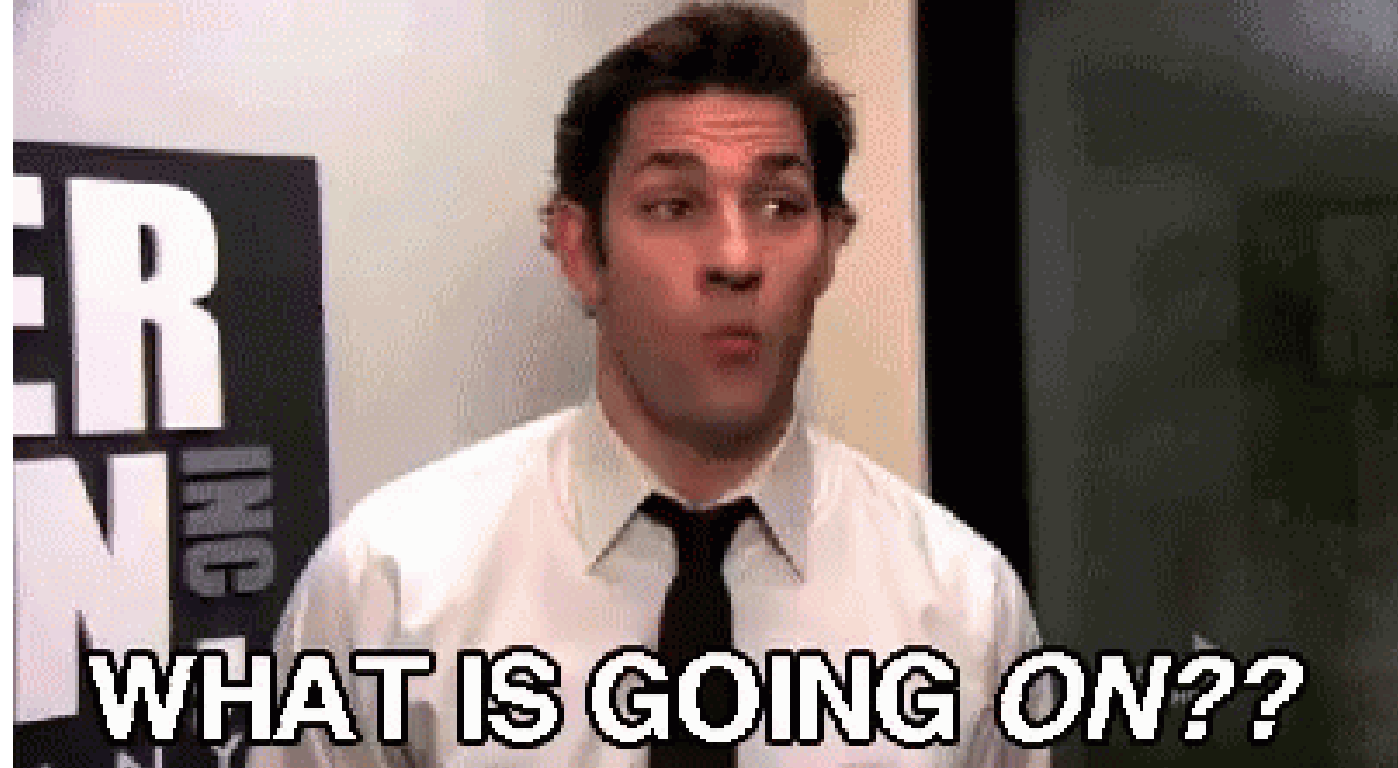
She has experience with:

- Designing, executing, and leading regulatory compliance engagements from planning to fieldwork testing and report issuance
- Developing work programs to stay abreast of regulatory compliance areas of focus
- Maintaining and managing client relationships by serving as a trusted advisor

Prior to joining Forvis Mazars, she served in a variety of roles with financial institutions in Indiana and California ranging in asset size from \$349 million to \$3.6 billion. Her experience includes retail banking operations and regulatory compliance with a focus on BSA, deposit, and lending compliance. She currently holds the Certified Regulatory Compliance Manager (CRCM) and Certified AML and Fraud Professional (CAFP) designations from the American Bankers Association.

Agenda

1. Current environment
2. Compliance Management System (CMS)
3. Compliance Topics
 - RESPA Section 8
 - TRID
 - UDAP
 - HMDA
 - REG E
 - Fair Lending
 - BSA



What's going on in Washington?



What is not happening!



What's going on?

Known Issues

- Election Results
 - Impact on CFPB
 - Impact on NCUA and Others
 - Impact on Regulations
- Specific Areas
 - CRA
 - 1071
 - Overdraft
 - BSA
- Chevron ruling and “guidance”

Avoiding Compliance Mistakes

Compliance Discussion

- What should we expect?
 - New rules?
 - Examinations?
 - Resources?
- What does this mean?
 - Need strong CMS – three lines of defense
 - Could result in civil actions if not taken by regulator (think overdrafts)
 - Importance of self-identification and corrective action

Avoiding Compliance Mistakes

What is NOT changing

- The importance of compliance
- Consumer protection laws
- Prudential regulators and exams
- Importance of complaints and corrective actions

Topics You Need to Know

CMS

- What is the biggest concern now (in my opinion)?
- Why?
 - Processes
 - Controls
 - Resources
 - Change Management
 - Training
- Weak CMS = Compliance Issues!!!!



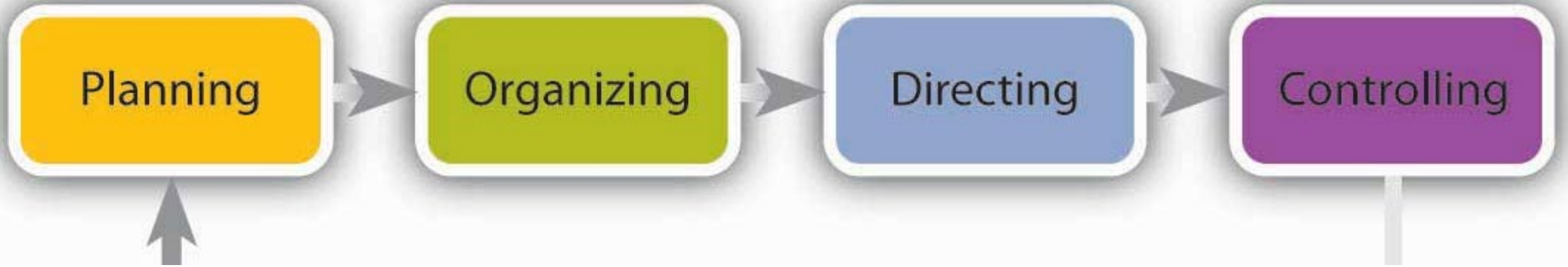
Keys to Successful CMS

- Board involvement
- Policies
- Procedures and Processes
- Lines of Defenses (1, 2, 3)
 - What does that mean?
 - Reviews and corrective action
- Communication and effective complaint program
- Resources

Keys to Successful CMS

- Key will be change management processes
 - What do we do now?
 - Changes based on CFPB rollback
 - What about changing rules?
 - Would we expect another swing?

Changes & Processes



Taking Steps Forward – Change Management

- There are a lot of things coming in the pipeline
- Planning and change management is important
- How do we implement controls and processes and be in compliance with the least impact?
- Don't just tell management how it is going to go, get input, offer solutions

Having an Effective CMS

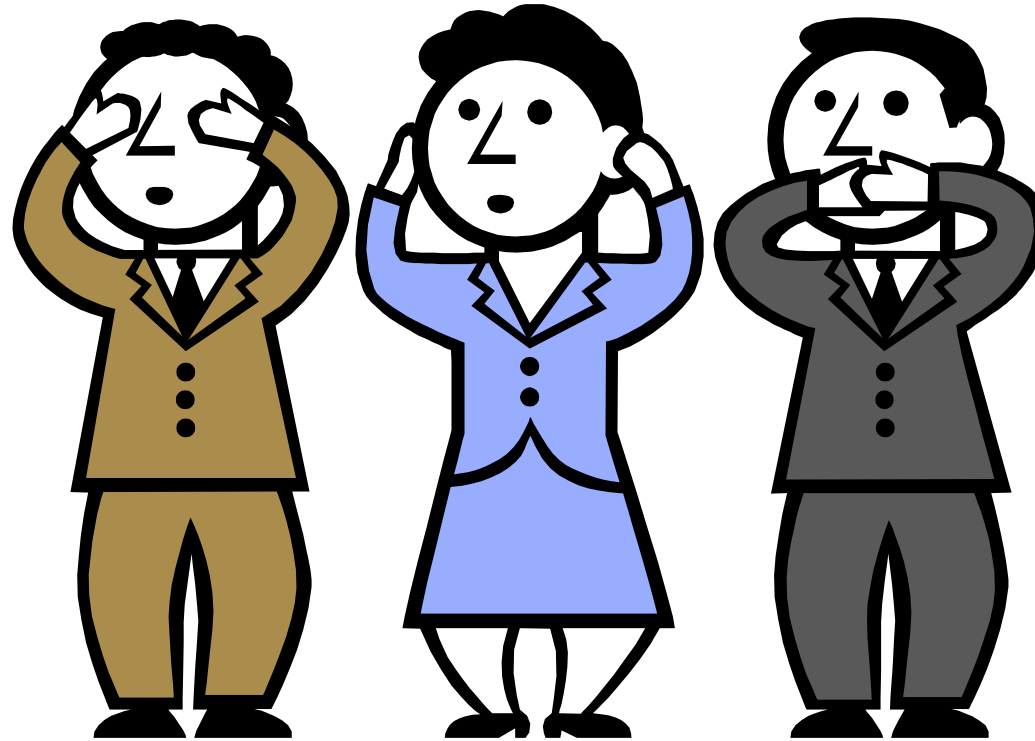
Doing More With Less

Remember compliance is not just a one-person job!

It takes a village!

- Tellers
- Member service reps
- Branch managers
- Loan officers (yes including commercial LOs)
- Operations staff
- Management

Old Procedures vs. New Reality



Having an Effective CMS

Resources & Monitoring

With the changes, monitoring and reviews will be essential

- How do we monitor?
- Are we assessing risk areas?
- Do we change our audit schedule?
- What are the examiners saying?

- Do you know the three lines of defense model?

Three Lines of Defense



Compliance Hot Topics



Compliance Hot Topics

RESPA Section 8

- What is this?
- Why are we talking about it now?
- Recent concerns noted

Compliance Hot Topics

TILA-RESPA Integrated Disclosure (TRID)

- While a lot of guidance has been rescinded, the small entity guides and instructions for TRID remain.



Compliance Hot Topics

TRID

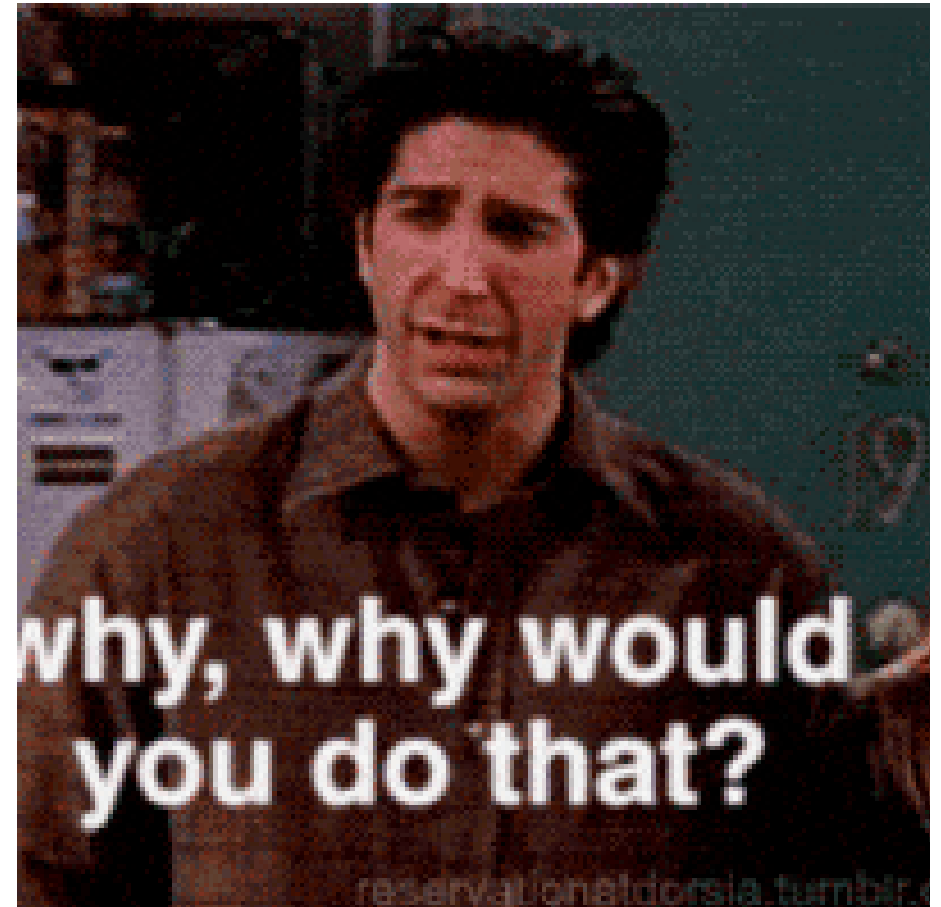
- Getting “applications” in a timely manner
 - THREE DAYS!!!!
 - Six pieces of info and not verified info!
 - Don’t hold onto applications
- This is a HUGE deal, why?



Compliance Hot Topics

TRID

1. If we have bad procedures and systemic issues in getting disclosures out timely, what can happen?
2. That's right, UDAP!



Compliance Hot Topics

TRID

- Changed circumstances
 - Basically, a change not known at application
 - Loan amount, appraised value, product, etc.
 - No changes because you screwed up or oopsies

Compliance Hot Topics

TRID

- Changed circumstances
 - What are we seeing?
 - Invalid changes
 - Weak procedures
 - Limited documentation
- Potential Liability
 - Lookbacks
 - Restitution
 - Examples



Compliance Hot Topics

UDAP/UDAAP Lessons Learned

Risks are
everywhere

It's how you
mitigate or
control these
risks

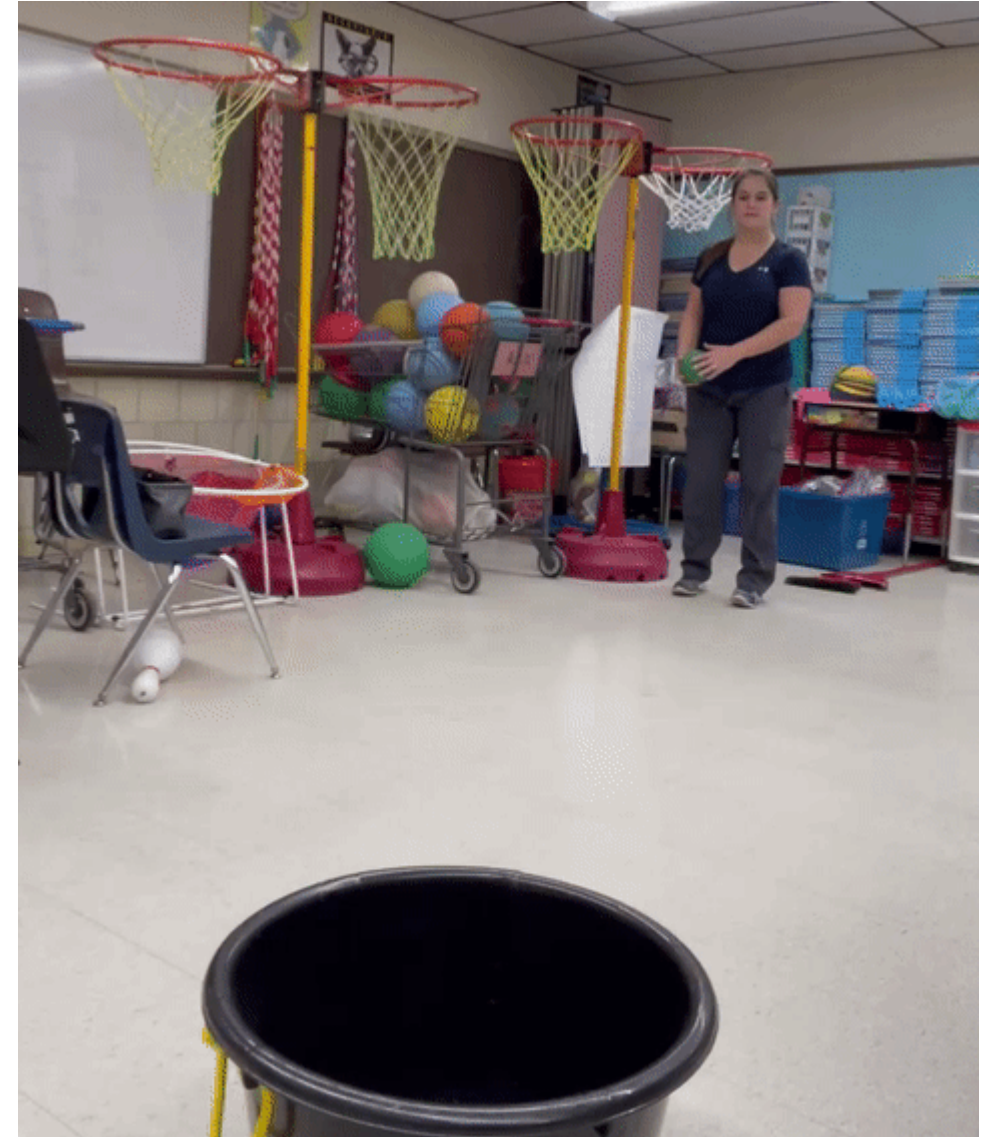
Limit potential
consumer harm
or confusion

Compliance Hot Topics

UDAP Concerns

Violation could occur in connection with *any* financial product, service, or activity.

It does not have to be a violation to include a UDAP finding!



Compliance Hot Topics

UDAP/UDAAP – Impact

There is up to a six-year look-back period when identifying affected customers and providing restitution for UDAP violation?

- Yes, six years back from examination date, up to the date the practice ceased; OR
- Back to when the practice began (if less than six years ago)—whichever is less

UDAP violations of credit-related products can have an effect on growing? Yes!

- Can keep you from growing and reputational risk

Compliance Hot Topics

Home Mortgage Disclosure Act (Reg C)

Applicability

- A Credit Union that originated at least 25 closed-end mortgage loans in each of the two preceding calendar years, or originated at least 200 open-end lines of credit in each of the two preceding calendar years meets or exceeds the loan-volume threshold.
- Carve out: Credit Unions with assets of \$58 million or less as of Dec. 31, 2024 are exempt from collecting data in 2025.
- Applies to all business & consumer loans that
 - have a dwelling related purpose &
 - are not temporary financing

Goals

- Provide public with information on whether financial institutions are meeting community housing needs
- Aid public officials & private investors in identifying areas needing investment
- Identify possible discriminatory lending patterns & assist regulatory agencies in enforcing anti-discrimination statutes

Common Errors

- Data entry errors
- Missed reporting
- Overreporting

Risk Mitigation

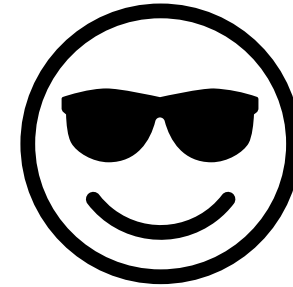
- Procedures/Controls
- Periodic reviews for accuracy (internal or external)

Compliance Hot Topics

HMDA Resource

<https://ffiec.cfpb.gov/>

- 2025 Filing Instructions Guide (FIG)
- HMDA Getting It Right



Compliance Hot Topics

Electronic Funds Transfer Act (Regulation E)

Defined

- Establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer and remittance transfer services and of financial institutions or other persons that offer these services. The primary objective of the act and this part is the protection of individual consumers engaging in electronic fund transfers and remittance transfers.
- Electronic fund and remittance transfers include:
 - ATMs
 - Direct Deposit
 - Gift cards
 - Overdraft
 - Point of sale transfers
 - Remittances (international money transfers)
 - Telephone transfers

Common Errors/Areas of Focus

- Incomplete disclosures
- Insufficient Error Resolution Procedures & Documentation
 - Providing provisional credit
 - Notification of provisional credit
 - Debiting provisional credit
 - Error resolution not completed timely

Risk Mitigation

- Procedures/Controls
- Periodic reviews for timeliness and accuracy (internal or external)

Fair Lending

Avoiding Fair Lending Violations



Compliance Hot Topics

Fair Lending

Impact on Credit Unions

- What is Trump 2.0 looking like?
 - Disparate impact, changes?
 - What does this mean?
- Know your data and lending patterns
- Make sure to have effective controls and tracking
- Indirect lending



Bank Secrecy Act (BSA)
Anti-Money Laundering (AML)
Countering the Financing of Terrorism (CFT)



Compliance Hot Topics

BSA/AML/CFT

Recent Updates/Areas of Focus

- FinCEN Permits Banks to Use Alternative Collection Method for Obtaining TIN Information – June 27, 2025
 - <https://www.fincen.gov/news/news-releases/fincen-permits-banks-use-alternative-collection-method-obtaining-tin-information>
- On March 21, 2025, the Financial Crimes Enforcement Network (FinCEN) announced that, consistent with the Department of the Treasury's March 2, 2025 announcement it was issuing an interim final rule that removes the requirement for U.S. companies and U.S. persons to report beneficial ownership information (BOI) to FinCEN under the Corporate Transparency Act. FinCEN published this interim final rule on March 26, 2025.
- Anti-Money Laundering Act of 2020

Common Issues

- Risk assessment
 - Lack of qualitative/quantitative analysis
 - Missing product/services offerings
- Department resources (and knowledge of resources)
- Training
- AML software functionality/suspicious activity monitoring



Questions or Other Discussion





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