CAMS-ii Implementation of the Regulation Z (Reg Z) Changes for Periodic Member Statements

Overview

This document contains a summary of the Reg Z changes to the periodic member statements based on information from CUNA Mutual and CAMS-ii changes to support the Reg Z changes.

IMPORTANT: This document assumes that your credit union management is knowledgeable of the changes to periodic member statements for compliance with Reg Z. The changes to CAMS-ii allow you the flexibility to designate certain fees and transactions for disclosure on the periodic member statements; however, ultimately you must decide which fees are to be disclosed.

Explanations on Reg Z Changes

1. Some disclosures may be made at a sub account level: for example, Previous Balance, Transactions, and New Balance.

2. Other disclosures must now be made at the plan level: for example, Charges Imposed.

3. Disclosures related to the plan should be made together and separated from other plans or closed-end loans included on the periodic statement.

4. No “historical APR” requirement.

5. Charges Imposed is a new disclosure; it consists of:
   a. All fees for all sub accounts under the plan;
   b. All interest charges for all sub accounts under the plan.

6. Fees include every type of fee without regard to whether they are “finance charge,” “other charge,” or neither.

7. Must disclose total fees and total interest imposed for each cycle and year to date.

Changes and Additions to Periodic Member Statements Produced by CAMS-ii

Here is a list of key changes that CBS has made to the CAMS-ii periodic member statement:

- Beginning Value changed to Previous Balance
- Ending Value changed to New Balance
- Running Balance changed to Balance Subject to Interest Rate
- Principal Amount and Finance Charge removed from transactions section
- Only total Transaction Amount printed
- Charges imposed (Interest and Fees) disclosed separately at the plan level
- Daily Rate removed
- Only APR printed

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Here is a list of key additions that CBS has made to the CAMS-ii periodic member statement:

- Open-End Plan Header – New header identifies beginning of loans under open-end plan
- Open-End Loan Plan Summary section added (includes Fees and Interest charged for the Statement Period and Year-to-Date)
- HELOC Plan Header – New header identifies beginning of loans under Home Equity plan
- Home Equity Loan Plan Summary section added (includes Fees and Interest charged for the Statement Period and Year-to-Date)
- All Other Accounts section

CAMS-ii Changes to Periodic Member Statements to Support Reg Z Mandates

CAMS-ii has a number of changes to implement the changes for periodic member statements as required by Reg Z.

- The Control-Loans parameters include two new settings to activate the Reg Z Statements: Reg Z Stmt Fee Disclosure Opt-in and Reg Z Stmt Fee Disclosure Opt-in Date.

  NOTE: When you select the Reg Z Stmt Fee Disclosure Opt-in check box, the system automatically populates the Reg Z Stmt Fee Disclosure Opt-in Date text box with the current date.

- The existing Control-Master parameters -- the Special Event, Misc Income, Misc Disbursement and Misc Fee transactions – now have a Loan Fee check box to include that fee with the disclosed loan fees. Whenever you perform a Special Event, Misc Income, Misc Disbursement, or Misc Fee transaction in Multiple Transactions and the transaction is marked as a Loan Fee, you must select an account from a drop-down list. That fee appears with that loan account on the next periodic statement.

  NOTE: Also, in Multiple Transactions, a Special Events, Misc Income, Misc Disbursements, and Misc Fee transaction now allows you to select any account that you want to link with the transaction. By default, the transaction links to the 99 sub account, but you can select any sub account.

- Whenever you perform a Miscellaneous Adjustment on a loan account, you can indicate that the adjustment is for a Disclosable Loan Fee, in which case you must choose the appropriate loan fee transaction and the associated loan account.

  Because Reg Z requires disclosing loan fees even if the fee was paid by debiting some other account or paying by cash or check:

  Transaction Code Maintenance screen now includes a Reg Z Disclosable check box to designate loan fee transactions for statements.

  IMPORTANT: Some of the transaction codes are pre-set with the Reg Z Disclosable Loan Fee? check box selected in the Transaction Code Maintenance screen, but CBS strongly recommends that you review the transaction codes and clear any transaction codes that you believe should not be associated with loan fees. Also, you must select those transaction codes that have not been pre-set as a disclosable loan fee. (See the Checking
Whenever a transaction is posted to a loan account, the Year-to-Date (YTD) fees and YTD interest totals update so they appear on the periodic statements, based on the type of transaction and the Reg Z Disclosable Loan Fee parameter setting.

- So that CAMS-ii can recognize whether a loan account is a home equity line of credit (HELOC), you must designate it as HELOC in CAMS-ii Account Types/Rates Maintenance.

Configuring CAMS-ii for Reg Z Periodic Member Statements

To set up for Reg Z-compliant Member Statements:

NOTE: These instructions are written as if you are doing the entire setup at once.

Configuring the Control-Loans Parameter settings


2. On the Loan Control Data screen, scroll to the Reg Z Stmt Fee Disclosure Opt-in check box.

3. Select the Reg Z Stmt Fee Disclosure Opt-in. The system fills the Reg Z Stmt Fee Disclosure Opt-in Date text box with the current date.

4. Click Accept. The Loan Control Data (Page 2) screen appears.

Configuring the Control-Master Parameter settings

5. On the scrolling Level Four Parameters menu, click Control-Master.

6. Scroll to the Special Event, Misc Income, Misc Fee, and Misc Disbursement transaction sections.

7. Select the Loan Fee check box next to each of the fees, etc., that are disclosable loan fees.


Configuring the Account Type/Rates Maintenance for Home Equity Loans

NOTE: If you do not offer Home Equity Loans, please skip to Step 15.


10. From the Account Type Select drop-down list, select Loans.

11. Scroll to the first/next Home Equity loan type, click the Account Description. The Account Type Code and Rate Maintenance screen appears.
12. Select the **Home Equity Loan** check box.

13. Click **Accept**. The Account Types/Rates Maintenance table appears.

14. If you have more than one Home Equity Loan, repeat steps 11, 12, and 13; otherwise, go to step 15.

**Checking Transaction Code Maintenance for Disclosable Fee applicability.**

15. On the scrolling Level Four Parameters menu, click **Transaction Code Maint.** The Transaction Codes table appears.

   **NOTE:** By default, some of the transaction codes are preset with a Y in the Loan Fee column in the Transaction Codes table and have the **Reg Z Disclosable Loan Fee?** check box selected in the Transaction Code Maintenance screen.

16. On the Transaction Code table, click a Transaction Code that you believe that DOES NOT require disclosure but is already designated with a Y in the Loan Fee column. The Transaction Code Maintenance screen appears.

17. In the Transaction Code Maintenance screen, clear the **Reg Z Disclosable Loan Fee?** check box.

18. Click **Accept**.

   Repeat Steps 16-18 for any other Transaction Codes that you believe DO NOT require disclosure.

   *When you are finished clearing any preset Transaction Codes that you believe SHOULD NOT BE disclosed …*

19. On the Transaction Code table, click a transaction code that you believe requires disclosure that are not already designated with a Y in the Loan Fee column. The Transaction Code Maintenance screen appears.

20. In the Transaction Code Maintenance screen, select the **Reg Z Disclosable Loan Fee?** Check box.

21. Click **Accept**.

   Repeat Steps 19-21 for any other Transaction Codes that require disclosure.