FIPCO FOCUS
COMPLIANT. CONSISTENT. CONFIDENT.
NOVEMBER 2016

Annual Conference a Huge Success

"Thank you for another great forum. Your staff is always very friendly and helpful." This comment, provided by Jenny Kramer from Eau Claire is just one of the many we received from participants of our 2016 Compliance & Software Forum – Loans and Mortgage. In addition to participating in a wide variety of informative presentations focusing on *Compliance Concierge*™ software, attendees were given many networking opportunities to discuss industry hot topics with financial experts, peers, and the FIPCO professional staff. Here's what participants had to say about this year's forum:

>> "It was a great conference and we brought back some valuable information for our coworkers!"
— **Heidi Ness**, Bay Bank, Green Bay

>> "The sessions were informational and I enjoyed the Commercial *Compliance Concierge*™ breakouts as a review, and to learn about recent updates. The Legal Compliance Q&A session was extremely informative and interactive —a great way to tie any loose ends and answer questions."
— **Tiffany Serpico**, Waukesha State Bank

>> "The Title Insurance speaker covered a great topic. It brought me up to date with the underwriting requirements that I don't get to do at work. Great job once again! Thank you FIPCO!"
— **Nicky Simpson**, River Falls State Bank

We appreciate your feedback, and look forward to seeing you at future events!

Diana Swift, Arch MI Training Consultant, facilitates the "Using the 1003 as a Roadmap" session.

See What *Compliance Concierge*™ Can Do for You

If your institution is looking for a new way to process loans, deposits or mortgages, we've got something for you to see. Join us November 3rd or December 1st for a FREE 45-minute introductory webinar to see how *Compliance Concierge*™ can improve your efficiency, maximize your compliance and enhance your customer experience. To attend one of these complimentary webinars, visit the FIPCO website for quick and easy online registration, or contact Sally Michaels at (800) 722-3498, ext. 258.

FIPCO Holiday Support Hours

In observance of the Thanksgiving holiday, the FIPCO and Wisconsin Bankers Association offices will be closed Thursday, Nov. 24th and Friday, Nov. 25th.

Please note that FIPCO will provide on-call software support service by dialing (800) 722-3498 on the following days:

- Friday, Nov. 25th from 8am – 8pm
- Saturday, Nov. 26th from 8am – 12pm

We will resume regular customer service hours on Monday, Nov. 28th. Questions regarding holiday support hours may be directed to the FIPCO Software Support Department at (800) 722-3498. The FIPCO professional staff extends warm wishes for a Happy Thanksgiving!

Compliance Forum Notebooks Available

Missed the recent Compliance & Software Forum? Even if you were unable to attend, you can still benefit from a host of valuable information provided throughout the event. Containing important information related to *Compliance Concierge*™ Loans and Mortgage, the 2016 conference notebook is a must-have resource for your institution. Subjects include:

- FDIC Hot Topics
- Loan Processing – Using the 1003 as a Roadmap
- *Compliance Concierge*™ Consumer, Real Estate, Commercial, and Agricultural Lines of Credit
- Mysteries of Title Insurance Policies Solved
- *Compliance Concierge*™ Interfaces and Admin Parameters
- *Compliance Concierge*™ Trusts
- FAQs Related to TRID Loans in *Compliance Concierge*™
- FAQs Related to Consumer, Commercial and Agricultural Loans in *Compliance Concierge*™

The 2016 notebook is available exclusively for FIPCO Loan and Mortgage software users. Order online or contact the FIPCO Customer Service Department at (800) 722-3498, ext. 274.

Are you new to *Compliance Concierge*™ Parameters (administration)? Does your system administrator need a Parameters refresher? If you answered "yes" let's get started and schedule a customized training session with FIPCO's Training Coordinator, Alice Hamilton. Contact us today at (800) 722-3498 ext. 233.

FIPCO FOCUS
COMPLIANT. CONSISTENT. CONFIDENT.
NOVEMBER 2016

Defending Against the Werewolves of Information Security

Could User Behavior Analytics be the silver bullet we've been looking for?

Today's information security professionals invest a great amount of time and money trying to fully-understand what is going on in their environment. But as attackers become better at evading traditional signatures and malware sandboxes, security systems are being pushed to the limits—providing so much information that it's difficult to sift through and expose a true attack. As a result, many security teams are now turning to behavior-based detection models to detect the signs of an active cyber-attack.

Commonly known as User Behavior Analytics (UBA), these tools focus on the user and typically perform two main functions: determining a baseline of "normal" activities specific to an organization, and indicating deviations from that norm. Simply put, UBAs answer the question "Is this user behaving anomalously?" rather than "Is this an anomalous event?" This behavioral approach to finding threats comes with a lot of advantages. Behavioral detection models can focus in on what the attacker actually does, instead of relying on a set of signatures or known indicators of compromise that often lag behind attackers. Getting activity at the right point can even see beyond encrypted traffic.

FIPCO® IT Threat Intelligence Briefings

Upcoming Peer-Group Event: We are continuing our series of Threat Intelligence Briefings on **Dec 14** in **Madison**. The round table event gives you a forum for networking and discussing current IT issues. Register today at www.fipco.com/training.

For example, while the perimeter IPS may have missed a drive-by-download, behavioral analytics could recognize that the victim end-user is starting to behave very strangely – perhaps trying to access abnormal resources or download an abnormal amount of files. More often than not, analytics based on user behavior will identify anomalies as opposed to threats. (Phyllis in accounting is downloading more data than she normally does, but is that a sign of an attack, or does she simply need to access a lot of data for a report being worked on?) Often inconclusive, this sort of user behavior modeling may require an analyst to investigate, or may become "noise" that ends up being ignored.

While detections based on end-user behaviors are extremely important, we need to complement them with better detections for attacker behaviors as well (i.e. the tools and techniques of an attack.) Ultimately, if we can't distinguish what is good from bad, then anomalies will remain ambiguous noise that creates more work for overloaded analysts. And relying on manual human analysis just doesn't scale in most environments.

If you know what to look for, malicious tools and techniques have distinguishing behaviors that can be identified. For example, attackers often rely on tunneling tools, customized to bypass signatures and intelligence feeds, to control their attack. However, these tools also share a characteristic set of fundamental behaviors. The initial connection comes from an infected end-user device within the network, so that the traffic blends in with normal Internet traffic. With the connection established, the remote attacker can take over real-time control of the internal host to drive the attack. Behaviorally, this action stands out. The behavior of the connection is no longer that of an internal human talking to an external server. In fact the reverse is true – you have an external human controlling one of your network devices as a drone. This sort of behavior isn't anomalous based on past behavior. It is a significant risk based on how it is actually behaving.

> "Overall, we did really well on our FDIC IT Exam and I appreciate your efforts towards helping us achieve it."
>
> — Steve Daniel
> Citizens State Bank,
> La Crosse

Although one approach isn't necessarily better over another, there is an important middle step between traditional signatures and anomaly detection. Behavior-based detection models can see the things that simple signatures miss, and can provide more clarity than only looking at anomalies. These are complimentary approaches that can work in tandem to provide multiple perspectives in detecting threats. As threats continue to evolve, this is what ultimately will keep us safe.

For more information about User Behavior Analytics, or to learn how FIPCO can help assess and ensure your institution's Information Security Program, please contact the FIPCO IT Audit & Security Department at (800) 722-3498.

November Education and Training

(All events are *Compliance Concierge*™ training courses.)

Oct. 31-Nov. 3, 8:30am – 4pm:	4-day Loan/Mortgage Training
Nov. 15, 9am – 11am:	Commercial Webinar
Nov. 15, 1:30pm – 3:30pm:	Ag Webinar
Nov. 16, 9am – 11am:	Basic Consumer Webinar
Nov. 22, 9am – Noon:	Deposits Webinar
Nov. 29, 8:30am – Noon:	Real Estate Webinar

To learn how you can benefit from FIPCO software training, visit the FIPCO website, or contact the FIPCO Training Department today at (800) 722-3498.

FIPCO FOCUS
COMPLIANT. CONSISTENT. CONFIDENT.
NOVEMBER 2016

Interpretive Guidance on MLA Written and Oral Disclosure Requirements

The Department of Defense (DoD) recently issued new requirements for certain consumer credit transactions, and complying with the final rule affects creditors that offer these types of loans. The following information outlines requirements for both written and oral requirements pertaining to the new Military Lending Act law.

MLA Law Written Disclosure Requirements

Under the new Military Lending Act (MLA) Law, the Military Annual Percentage Rate (MAPR) itself is no longer required to be disclosed in writing to consumers. The MAPR may not exceed 36% for closed-end credit or in any billing cycle for open-end credit, but the actual MAPR itself need not be disclosed. The MLA Law written disclosure requirements are to provide (a) the written MAPR Disclosure paragraph (given in the WBA Form MAPR U); (b) any disclosures required by Regulation Z, according to those applicable rules, and (c) a clear description of the payment obligation of the covered borrower. A payment schedule (in the case of closed-end credit) or account opening disclosure (in the case of open-end credit), satisfies the payment obligation disclosure requirement in (c).

MLA Law Oral Disclosure Requirements

Under the new MLA Law, lenders are also required to provide the disclosures described in (a) and (c), above, orally. The oral disclosures may be given via a toll free telephone number or orally in person. The WBA MAPR Disclosure includes a place to identify a toll free telephone number, if the oral disclosures are provided via toll free telephone number. The disclosures that must also be given orally, in addition to in writing, are those in (a) [the MAPR Disclosure WBA MAPR U] and (c) [the payment obligation], above.

The Department of Defense (DoD) issued Interpretative Guidance on the requirement to provide oral disclosure of the payment obligation (the requirement in (c), above.) See Interpretive Guidance question no. 12, reprinted below.

12. How may a creditor orally provide the payment obligation disclosure required under 32 CFR 232.6(a)(3) to meet the requirements of 32 CFR 232.6(d)(2)? Answer: Section 232.6(a)(3) requires a creditor to provide to a covered borrower, before or at the time the borrower becomes obligated on the transaction or establishes an account for the consumer credit, a clear description of the payment obligation of the covered borrower, as applicable. A payment schedule (in the case of closed-end credit) or an account-opening disclosure (in the case of open-end credit) provided pursuant to the requirement to provide Regulation Z disclosures satisfies this obligation. Therefore, a creditor may orally provide the information in a payment schedule or an account-opening disclosure to a covered borrower. However, an oral recitation of the payment schedule or the account-opening disclosure is not the only way a creditor may comply with § 232.6(a)(3). A creditor may also orally provide a clear description of the payment obligation of the covered borrower by providing a general description of how the payment obligation is calculated or a description of what the borrower's payment obligation would be based on an estimate of the amount the borrower may borrow. For example, a creditor could generally describe how minimum payments are calculated on open-end credit plans issued by the creditor and then refer the covered borrower to the written materials the borrower will receive in connection with opening the plan. Alternatively, a creditor could choose to generally describe borrowers' obligations to make a monthly, bimonthly, or weekly payment as the case may be under the borrowers' agreements. Neither the MLA nor the MLA regulation specifies particular content or format for the requirement of a clear, oral description of the payment obligation. Also, nothing in the MLA or the MLA regulation requires that the clear description of the payment obligation provided in writing must be the same as the oral disclosure, provided that both disclosures are clear and accurate. As explained in the supplementary information to the Department's July 2015 Final Rule, the Department's approach has been to interpret the MLA's oral disclosure requirement in a manner that provides creditors "straightforward mechanisms" that afford "latitude to develop the same (or consistent) systems to orally provide the required disclosures—regardless of the particular context…" The requirement of a clear, oral payment obligation disclosure has sufficient breadth that creditors may choose a variety of acceptable oral disclosure compliance strategies. Thus, under the Department's approach, a generic oral description of the payment obligation may be provided, even though the disclosure is the same for borrowers.

See *Federal Register* / Vol. 81, No. 166 / Friday, August 26, 2016, for all Interpretive Guidance.

Questions regarding MLA functionality in *Compliance Concierge*™ may be directed to the FIPCO Software Support Department at (800) 722-3498. You may also read the final rule here.

4721 South Biltmore Lane | Madison, WI 53718
P: 800.722.3498 | F: 608.661.9382 | fipcosales@fipco.com
www.fipco.com