



InfoSight Highlight

Reminder to Review Policies/Procedures for Year-end Updates
At the end of each year, the CFPB and other regulatory agencies may update certain monetary thresholds based on the Consumer Price Index (CPI) or IRS changes. Please review existing policies and procedures to ensure you are complying with the new changes.

Compliance News

NCUA Privacy Note Reminder

NCUA has issued **Regulatory Alert14-RA-11** to remind credit unions of the Consumer Financial Protection Bureau's (CFPB) Alternative Method to Deliver Required Annual Privacy Notice. Credit unions can now satisfy requirements to provide annual privacy notices required under the Gramm-Leach-Bliley Act (GLBA) and its implementing regulation, Regulation P, by posting information online. Such posting would be an alternative to currently permissible methods, which include mailing or hand-delivering a printed notice. This alternative is based on a Final Rule which was recently issued by the CFPB.

Question: To What Disclosures Does the Final Rule Apply?

Answer: The Final Rule applies to the annual privacy notice under Regulation P your credit union delivers to customers who maintain a customer relationship with you. In 2010, NCUA and other federal agencies released an Online Form Builder that credit unions and other financial institutions can download and use to develop customized versions of a model privacy notice.

Question: Our credit union would like to use the Sample Notice provided in the new annual notice privacy regulation to ensure compliance. However, our software system does not allow us to boldface text. If we use the Sample Notice, but do not bold the heading, are we compliant?

Answer: According to [CUNA's Compliance Blog](#), the CFPB will allow other methods to emphasize the heading, such as with capital



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Credit Union National Association

Compliance Video

Compliance Connection Video

In this video, League InfoSight CEO Glory LeDu talks about the highlights from the 4th Quarter of 2018 and the 1st Quarter of 2019.

When S.2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, passed in 2018 there was a lot to understand! Glory LeDu, League InfoSight CEO, provides [Part 1 in this short video](#) to break it down for you.

Just a reminder that Compliance videos since 2016 can be found on YouTube at [the Compliance Connection](#)

letters or underlining. Additionally, the Bureau notes that “other languages and formatting techniques could also be compliant.”

Question: Our credit union has changed its name since we last mailed out our annual privacy notices. Does this mean our privacy notice has changed so that we’re not eligible for the new alternative delivery method of posting it on our web site?

Answer: No. A name change on your privacy policy does not make you ineligible for the new delivery method for annual privacy notices. To provide flexibility when complying with the new privacy disclosure requirement, the CFPB allows certain information on the privacy notice to change without jeopardizing the new delivery option.

The CFPB notes in the supplemental information to the rule that although information about the name of the financial institution or its affiliates is useful to members, it is not as important as changes to the credit union’s disclosure practices of nonpublic personal information. Therefore, the CFPB states that a privacy policy will not be considered to have changed “even when information, such as the credit union’s name or its affiliates have changed, as long as the policy the credit union is required to describe on its annual notice has not changed.”

Annual Privacy Notice Reminder: If you prefer to continue delivering annual privacy notices to your customers by the other existing methods contained in Regulation P, you do not need to make changes to comply with the new Alternative Method rule.

Under Part 716 of NCUA’s Rules & Regulations, a privacy notice must be sent annually to all members. The regulation states that the privacy notice may be combined with another document if the notice is “clear and conspicuous.” If your credit union decides to deliver your privacy notice by a newsletter, you need to make sure that everyone who needs to receive the privacy notice receives the newsletter. The annual notice must be provided to each member, regardless of whether a member has elected to opt out of information sharing.

NCUA Reminder to CUs on Amendments to the Remittance Transfer Rule

NCUA has issued [**Regulatory Alert 14-RA-10**](#) to remind credit unions

[channel](#), where they are generally updated quarterly.

Compliance Calendar

January 19
Martin Luther King, Jr Birthday
- Federal Holiday

January 21
FHA Prepayment Rule
Handling – Effective date

January 23
5300 Call Report Due to NCUA

January 31
Credit Card Quarterly
Agreement Submission Due to
CFPB (10,000 or more open
credit card accounts)

February 16
Washington's
Birthday/President's Day -
Federal Holiday

March 3
Permissible Derivatives
Effective Date

March 8
Daylight Savings Time Begins

March 30
NACHA Operating Rules
Changes

[**Click here for upcoming
compliance dates.**](#)

of the CFPB Amendments to the Remittance Transfer Rule that became effective November 17, 2014. Credit unions that send money to foreign countries on behalf of members or non-members within their field of membership may have to comply with the remittance transfer provisions of Regulation E, which implements the Electronic Fund Transfer Act.

A key change to the Rule extends the applicability of a temporary exception permitting federally insured institutions, including federally insured credit unions, to estimate certain pricing disclosures. CFPB extended the temporary exception's applicability by five years, from July 21, 2015 to July 21, 2020.

Other changes:

- Clarify that United States military installations located outside the U.S. are considered to be located in a state in the U.S. for purposes of the Rule;
- Clarify the Rule does not apply to transfers sent from non-consumer accounts;
- Clarify fax transmissions are considered "in writing" for purposes of providing disclosures and that oral disclosures are permitted in certain circumstances;
- Allow creditors to include on disclosures a uniform resource locator (URL) for CFPB remittance-specific webpages and also revise model disclosure forms to include those URLs;
- Clarify that a remittance delay related to an investigation necessary to address potentially suspicious, blocked, or prohibited activity that is not reasonably foreseeable is not an "error" subject to procedures for error resolution; and
- Provide an example of how to determine the appropriate amount needed to resolve an error that occurred due to a delay on the part of the provider.

Please see the Alert for more information. The [Regulatory Alert](#) also supplements two previous Regulatory Alerts regarding the Rule and provides a link to the *CFPB International Fund Transfers Small Entity Compliance Guide*.

Compliance Training

January 13, 2015
[Immigration Executive Order and Financial Inclusion Part 1](#) – Webinar

2:00 – 3:00 p.m. EST

January 21, 2015
[2015 Ach Rule Changes](#) – Webinar

2:00 – 3:30 p.m. EST

January 21, 2015
[BSA Training for the Frontline and Beyond](#) - Webinar

2:00 - 3:30 p.m. EST

January 22, 2015
[Servicemembers Civil Relief Act](#) – Webinar

2:00 – 3:00 p.m. EST

January 26, 2015
[Creating a Transparent Board - Dealing with Conflicts of Interest](#) - Webinar

2:00 - 3:00 p.m. EST

January 29, 2015
[The Current State of UDAAP Unfair, Deceptive or Abusive Acts or Practices](#) – Webinar

2:00 - 3:30 P.M. EST

February 4, 2015
[ID Theft Red Flags and Check Fraud for the Frontline](#) - Webinar

2:00 - 3:30 p.m. EST

February 10 – April 9, 2015
[CUNA Regulatory Compliance](#)

NCUA Supervisory Focus for 2015

NCUA has issued **Letter to Credit Unions 15-CU-01** to assist credit unions in preparing for NCUA examinations in 2015. As always, agency field staff will be focusing on the areas of highest risk in the credit union system and compliance with new regulations.

In order to minimize burdens on small credit unions with lower risks, NCUA will be streamlining examinations for credit unions with assets up to \$50 million and CAMEL ratings of 1, 2, or 3.

NCUA's specific areas of supervisory focus for 2015 are:

- **Cybersecurity:** NCUA field staff will focus on proactive measures credit unions can take to protect their data and will also be evaluating credit unions' capacity to recover and resume operations in the event a security breach does occur.
- **Interest-rate risk (IRR):** NCUA staff will continue to use existing guidance to assess credit unions' interest-rate risk -- the agency is in the process of updating such guidance. NCUA staff will also evaluate compliance with the interest-rate risk rule (credit unions with assets over \$50 million are required to draft and implement a written IRR policy and develop a program to identify, measure, monitor, and control IRR).
- **Bank Secrecy Act (BSA) compliance:** NCUA staff will continue to assess BSA compliance, with a focus on credit unions' relationships with money services businesses.
- **Liquidity and contingency funding plans rule:** Full compliance with relevant provisions of the NCUA's liquidity rule will be examined by agency staff.
- **Truth in Lending Act-Real Estate Settlement Procedures Act (TILA-RESPA) integrated disclosure rule:** The rule will become effective August 1, 2015 and NCUA staff will be assessing compliance with the rule once it goes into effect.
- **Ability-to-repay and qualified mortgage standards rule:** NCUA staff will be looking at credit unions' compliance with the required provisions, and ensuring that their mortgage lending programs are being operated in a safe and sound manner.
- **Lending programs:** NCUA continues to monitor trends in credit union loan portfolios, and staff will examine whether institutions are performing due diligence in all loan products and services, particularly new ones that have become available in recent years.

A table was also included in the Letter summarizing the types of exams federal credit will be subject to by CAMEL rating and asset size.

Introduction eSchool

2:00 – 4:00 p.m. EST

February 11, 2015

Immigration Executive Order and Financial Inclusion Part 2 – Webinar

2:00 – 3:00 p.m. EST

February 16, 2015

Examination Guidance for Directors - Webinar

2:00 - 3:00 p.m. EST

February 18, 2015

2015 Tax Refunds - Webinar

2:00 – 3:00 p.m. EST

February 18, 2015

Expiring ITINs and Form W-8BEN - Webinar

2:00 – 3:00 p.m. EST

February 18 – 19, 2015

Sales & Service Boot Camp
Atlanta, Georgia

February 19, 2015

ABCs of Collections - Webinar

12:00 – 1:30 p.m. EST

February 19, 2015

Payments Systems Fraud for Compliance Staff - Webinar

2:00 – 3:00 p.m. EST

February 25, 2015

Mandatory Repossession Letters and How to Avoid Common Mistakes - Webinar

1:00 – 2:15 p.m. EST

March 4, 2015

Collection Compliance Do-s and Don't-s for the Frontline -

New SDN List Format Released

Treasury has announced OFAC's release of a new format for the SDN List. The format was jointly developed with the United Nations and the Wolfsberg Group of International Banks to create a universal sanctions list format that can be efficiently used by governments worldwide and enhances sanctions compliance. The enhancements include:

- new metadata, including specific labels for name parts that go beyond the standard "Last name, First name" style of current sanctions lists
- language scripts beyond the standard Latin script used in many sanctions lists
- a data dictionary of all valid look-up values in the header of the file
- a flexible "feature identifier" functionality that augments the normal identification look-up values that are currently available in the SDN List formats

FAQs on using the new format were also released. There are no current plans to replace any of the current OFAC file formats with the new, enhanced XML product.

IRS Issues Updated Forms and Instructions for Withholding Tax of Nonresident Alien Accounts

The IRS has issued an updated Publication 515 (Withholding of Tax on Nonresident Aliens and Foreign Entities) with new information and reminders for filing Form 1042-S. This publication is for withholding agents who pay income to foreign persons, including nonresident aliens. Specifically, it describes the types of income subject to withholding, and the information return and tax return filing obligations of withholding agents.

Credit unions are reminded that deposit interest paid to certain nonresident alien individuals is subject to information reporting. Deposit interest of \$10 or more paid to any nonresident alien individual

Webinar

2:00 - 3:00 p.m. EST

March 10, 2015
8 Hour SAFE Comprehensive Mortgage Loan Originator Course #4528 (NMLS #1405021)

8:30 – 5:00 p.m.

March 11, 2015
Recognizing Financial Elder Abuse for the Frontline - Webinar

2:00 - 3:30 p.m. EST

March 23, 2015
The Director - A Guide to Effectively Working with the Supervisory Committee - Webinar

2:00 - 3:00 p.m. EST

March 25, 2015
Bankruptcy Best Practices for Credit Unions - Webinar

12:00 – 1:00 p.m. EST

March 31 – April 9, 2015
Protecting Members Under Reg E - Webinar Series

2:00 – 3:00 p.m. EST

April 1, 2015
New Accounts for the Frontline: Compliance Issues to Watch For - Webinar

2:00 - 3:00 p.m. EST

BSA Training Opportunities through GCUA
[Click here for details](#)

who is a resident of a foreign country with which the United States has agreed to exchange tax information pursuant to an income tax treaty or other convention or bilateral agreement, must be reported on Form 1042-S. (The IRS notes that withholding agents may elect to report interest paid to any nonresident alien.)

Additionally, credit unions must furnish a statement to each recipient for whom they are filing a Form 1042-S by the due date for filing Forms 1042 and 1042-S with the IRS. Credit unions use a copy of the official Form 1042-S for this purpose. Or, provide recipients with the information together with, or on, other statements or notices. These statements must clearly identify the type of income (as described on the official form), the amount of tax withheld, the withholding rate (including 00.00 if exempt), and the country involved.

According to Publication 515, Revenue Procedure 201224, 201220 I.R.B. 913 identifies those countries for which reporting of deposit interest is required. This list will be updated as appropriate. Please check www.irs.gov for updates.

This publication has also been updated to reflect temporary regulations under the IRS's chapter 3 regulations (regarding nonresident aliens) that were published in early 2014, and incorporates the new FATCA requirements for withholding agents making withholdable payments to certain foreign entities.

Information addressing changes to the Form W-8 series, can also be found in Form W-8BEN and the new Form W8-BENE.

Comment Calls

Same Day ACH Proposal

NACHA, the Electronic Payments Association, has issued a proposed rule that would provide a new, ubiquitous capability for moving automated clearing house (ACH) payments faster. The proposal would amend the NACHA Operating Rules to enable the option for same-day processing of virtually any ACH payment (for all types of credits and debits) except for international transactions and individual transactions above \$25,000. NACHA believes there are many uses of ACH payments for which businesses and consumers could benefit from same-day processing, including business to- business, same-day payroll, expedited bill, and account-to-account payments. Currently, most ACH payments are settled on the next business day; current ACH schedules and capabilities would continue to apply to transactions that are not designated as Same Day ACH.

Specifically, all RDFIs would be required to receive Same Day ACH payments in order to provide certainty to Originators that desire same-day processing and settlement the option to send Same Day ACH transactions to accounts at any RDFI. Under the proposal, all RDFIs would also have to make same day ACH credits (such as payroll direct deposits) available to their depositors by 5:00 p.m. local time.)

GCUA is interested in your comments and/or concerns regarding this new proposal. Please send your comments to Selina Gambrell at selinag@gcua.org by **January 23, 2015**.

The [CUNA Regulatory Advocacy Report](#) contains information from the office of the President of CUNA about regulatory issues that affect credit unions. You can view the current report and past reports from the archive.

Click [here](#) to request to be added to the mailing list for this and/or other GCUA email publications.

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Need a BSA, ACH or Website review? Email compliance@gcua.org.