



## InfoSight Highlight

Security Program for Credit Unions – Board Responsibilities  
Part 748 of the NCUA Rules and Regulations requires each federally-insured credit union develop a comprehensive written security program (including administrative, technical, and physical safeguards appropriate to their size, complexity, and the nature and scope of their operations) within 90 days of the date it is insured by the National Credit Union Share Insurance Fund (NCUSIF).

What does the credit union need to do?

The credit union must develop and have the board approve a written security program. The program must provide for and address the following areas:

- Protecting each credit union office from robberies, burglaries, and larcenies.
- Ensuring the security and confidentiality of member records, and protecting against anticipated threats or hazards to the security or integrity of such records and unauthorized access or use of such records that could result in substantial harm or serious inconvenience to a member, as provided in Appendix A of Part 748 of NCUA's Rules and Regulations.

For additional information, click [here](#) for the topic.

## Compliance News

Understanding the Board's Role in Cybersecurity

In recent months, credit unions have battled wave after wave of merchant data breaches, computer viruses, and cyberattacks, generating a wealth of media coverage on cybersecurity.

As a result of these evolving threats, credit unions and examiners alike continue to emphasize the importance of protecting a credit union's networks, computers, programs, and member data from cyberattacks (NCUA [Letter to Credit Unions 15-CU-01](#): "Supervisory Priorities for 2015").

Credit unions have always prioritized protecting members' personal financial information. But gone are the days when embezzlement,

GEORGIA CREDIT UNION

*Affiliates*

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## 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](#)

robberies, and forged items represented the primary security concerns. Credit unions operate in a rapidly changing environment where technology is an essential element of their operations because members demand more remote services—such as Internet banking and bill pay, mobile banking, and a variety of other technology related services.

Board members should ask themselves:

- How many members conduct transactions without ever stepping foot in a branch office?
- How do members complete those transactions?
- Where does all that confidential member data go?
- Who has an opportunity to look at that data when it's outside of your control?

If you can't answer these questions, you need to ask for more information from your management team.

Unfortunately, Internet-based products and services expose credit unions and their members to a whole host of additional risks from hackers and cyberthieves. It might sound like science fiction, but don't be fooled. With the growing reliance on the electronic delivery of financial services, credit union boards must make sure their institutions are prepared to combat cyberthreats.

#### **NCUA's security program requirements**

To fully understand a credit union's responsibilities regarding cybersecurity, you must begin by reviewing Part 748 of NCUA's regulations, and its appendices.

Part 748 requires each federally insured credit union to have a written security program designed to protect credit union offices, ensure the security and confidentiality of member records, assist in identifying people who commit or attempt crimes, and prevent destruction of vital records.

**Appendix A** specifically requires credit unions to establish and implement administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of member information. This is typically known as data security.

**Appendix B** requires credit unions to react to unauthorized access to member information, including potential notification of the member and the regulator. Your credit union must have a

channel, where they are generally updated quarterly.

#### **Compliance Calendar**

May 25

Memorial Day - Federal Holiday

July 3

Independence Day - Federal Holiday

July 18

Higher-Priced Mortgage Loans: Modified exemptions for loans secured by manufactured homes

July 23

Changes to Posting Rules for ACH Transactions (Federal Reserve) Effective date

July 24

5300 Call Report Due to NCUA

August 1

CFPB: Know Before You Owe Disclosure - Effective Date

CFPB: Integrated Mortgage Disclosures - Effective Date

September 7

Labor Day - Federal Holiday

September 18

NACHA's Return Rate Levels & Reinstated Transactions Rule

fully integrated plan to respond to and effectively manage any data breach.

The board's responsibility doesn't end with the creation of a security program. As stated in Part 748, Appendix A, "the board or appropriate committee must oversee the development, implementation, and maintenance of the credit union's information security program."

These duties include "assigning specific responsibility for implementing the program and reviewing reports prepared by management." Management should present this report at least annually, detail compliance with the security program, and highlight matters material to information technology (IT) security. Material items could include risk assessment results, significant IT risk management decisions, vendor security controls, security breaches, and management's responses to any negative examination finding.

No matter which security program a credit union decides to implement, staff should assist the board in managing cybersecurity risk by organizing information, enabling risk management decisions, addressing threats promptly, and improving the program by learning from previous efforts.

Remember, credit unions still bear the brunt of cybersecurity risk, paying heavily for other organizations' security lapses, such as reissuing cards after a retailer's data breach. The Gramm Leach Bliley Act covers all financial institutions, but not retailers. Nevertheless, the credit union system strives to create national data security standards that would apply to any company responsible for a lapse.

**Reminder:** NCUA is hosting a May 20th webinar where credit unions can learn more about cyber threats and deterring cybercrime. Click [here](#) to register.

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Revised Loan Estimates

**Question: We do not permit our members to shop for a real estate appraiser, so we understand under the new integrated Loan Estimate rule the actual appraisal fee must not exceed the estimated appraisal fee. If our member indicates a simple single-**

October 12  
Columbus Day - Federal  
Holiday

October 23  
5300 Call Report Due to NCUA

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

### Compliance Training

May 19, 2015  
Required Minimum Distributions (RMDs) -  
Webinar  
**12:00 – 1:30 p.m. EST**

May 20, 2015  
Deceased Member Accounts -  
Webinar  
**12:00 – 1:00 p.m. EST**

May 26, 2015  
IRA Reporting - Webinar  
**12:00 – 1:30 p.m. EST**

May 28, 2015  
Indirect Lending - The CFPBs  
View on Auto Dealership  
Relationships - Webinar  
**12:00 – 1:00 p.m. EST**

June 1, 2015  
The Basics of Consumer  
Lending Part 1 - Webinar  
**2:00 – 3:30 p.m. EST**

June 4, 2015  
Home Equity Lending -  
Webinar  
**2:00 – 3:30 p.m. EST**

**family home to be appraised, but when the appraiser arrives there are actually additional buildings on the property that need to be appraised at a higher fee, are we stuck with a tolerance issue that will require a refund to the member?**

**Answer:** According to [CUNA's Compliance Blog](#), the answer is "no." If the member provided inaccurate information that the credit union relied on when estimating the charge on the Loan Estimate, this is a valid reason for the credit union to issue a revised Loan Estimate with the revised appraisal fee. In this scenario, the credit union may compare the revised appraisal fee estimate with the actual appraisal fee on the Closing Disclosure for the good faith analysis.

The integrated mortgage disclosure regulation allows revised Loan Estimates for the following reasons:

- Changed Circumstances:
  - Extraordinary / Unexpected Event
  - Inaccurate Information
  - New Information
- Member's Eligibility Changes
- Revisions Requested by the Member
- Interest Rate Dependent Charges
- Loan Estimate Expires
- Construction Loan with Delayed Settlement Date

#### **TILA/RESPA Mortgage Disclosure Checklists**

CUNA has put together the following checklists for credit unions:

[LOAN ESTIMATE CHECKLIST](#)  
[CLOSING DISCLOSURE CHECKLIST](#)  
[ESCROW CLOSING CHECKLIST](#)

Other available resources include:

CUNA's CompNOTE: [The Loan Estimate & The Home Buying Information Booklet](#).

CUNA's CompNOTE: [The Closing Disclosure](#)

CUNA's CompNOTE: [The Escrow Closing Notice](#)

CUNA's 10 minute [Loan Estimate podcast](#) covering when the disclosure is required

CUNA's 10 minute [pre-Loan Estimate activities podcast](#)

CUNA's 20 minute podcast on how to determine a [good faith estimate](#) for the integrated Loan Estimate

June 8, 2015  
[The Basics of Consumer Lending Part 2](#) - Webinar  
**2:00 – 3:30 p.m. EST**

June 11, 2015  
[Consumer Lending Compliance 101](#) - Webinar  
**2:00 – 3:30 p.m. EST**

June 17, 2015  
[Advanced Exceptions with International ACH Transactions \(IAT\) OFAC Compliance](#) - Webinar  
**2:00 – 3:00 p.m. EST**

June 18, 2015  
[Financial Counseling - What to Look for and What to Know as a Lender](#) - Webinar  
**2:00 – 3:30 p.m. EST**

June 25, 2015  
[Use of Loan Guaranties Instead of Co-Signers](#) - Webinar  
**12:00 – 1:00 p.m. EST**

June 30, 2015  
[IRA Beneficiary Distributions](#) - Webinar  
**12:00 – 1:30 p.m. EST**

July 7, 2015  
[IRA Conversions and Recharacterizations](#) – Webinar  
**12:00 – 1:30 p.m. EST**

July 7, 2015  
[Minimizing the Risk of Mortgage Fraud](#) – Webinar  
**2:00 – 3:30 p.m. EST**

July 7 – 28, 2015  
[CUNA Residential Mortgage](#)

CUNA's 20 minute podcast: [The Loan Estimate – The Content of the Disclosure](#)

CUNA's 20 minute podcast on when a credit union may issue a [revised integrated Loan Estimate](#)

**Note:** For more FAQs and resources on the upcoming rule, see GCUA's [TILA-RESPA Integrated Disclosure Rule R&I Bulletin](#).

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Your CU Should Know...

**NCUA Spanish Webpages:** The NCUA has [announced](#) that translations in [Spanish](#) are available for the agency's home page, landing pages and press releases. Audiences can access more than 500 pages of translated content.

**Benefits and Garnishment:** The CFPB has posted an [article](#) on the protection of certain federal benefits payments from garnishment. The Bureau indicates if Social Security or VA benefits are deposited directly onto a customer's account or loaded on a prepaid card or account, the receiving bank or card processor must protect two months' worth of those benefits remaining in the account and may freeze the excess. The exceptions are that Social Security and SSDI can be garnished to pay government debts such as back taxes or federal student loans, and debts for child or spousal support.

**FinCEN Offers Online FBAR Filing:** The Treasury Department's Financial Crimes Enforcement Network (FinCEN) has [announced](#) an alternative E-Filing method for individuals filing the Report of Foreign Bank and Financial Accounts (FBAR). Filers can now choose between the current method of filing using an Adobe PDF or use the new online form that only requires an Internet browser to file.

**New Resource for ID Theft Victims:** The Federal Trade Commission has [announced](#) the launch of a new website, [IdentityTheft.gov](#), a resource that makes it easier for victims to report and recover from identity theft. The new website provides an interactive checklist that walks people through the recovery process and helps them understand which recovery steps should be taken upon

[Lending eSchool](#)

**2:00 – 3:30 p.m. EST**

July 13 – September 14, 2015

[CUNA Fundamentals of Investment Management eSchool](#)

**3:00 – 4:30 p.m. EST**

July 14, 2015

[IRA Simplified Employee Pension \(SEP\) Plans – Webinar](#)

**12:00 – 1:30 p.m. EST**

July 21, 2015

[IRA 72\(t\) Payments – Webinar](#)

**12:00 – 1:30 p.m. EST**

July 21, 2015

[What's New in Mortgage Lending Compliance – Webinar](#)

**2:00 – 3:30 p.m. EST**

July 22 – August 5, 2015

[CUNA Marketing Compliance eSchool](#)

**3:00 – 5:00 p.m. EST**

July 23 – 25, 2015

[Coastal Supervisory Committee & Internal Auditor Conference](#)

**Charleston, SC**

July 28, 2015

[QRP Beneficiary Rollovers to Inherited IRAs – Webinar](#)

**12:00 – 1:30 p.m. EST**

BSA Training Opportunities through GCUA

[Click here for details](#)

learning their identity has been stolen. It also provides [sample letters](#), specialized tips for specific forms of identity theft, and [advice](#) for people who have been notified that their personal information was exposed in a data breach. A [Spanish](#) version of the site is also available.

**Bureau Issues Bulletin on Fair Lending:** The CFPB has issued [Bulletin 2015-02](#) and posted an [article](#) to help mortgage lenders avoid illegal discrimination against applicants whose income includes vouchers from the Section 8 Housing Choice Voucher (HCV) Homeownership Program. Discriminating against consumers because some or all of their income is from a public assistance program violates the Equal Credit Opportunity Act and Regulation B.

**ACH Foreign Remittance Transfers Report:** The Federal Reserve Board has issued its [May 2015 Report to Congress](#) on the use of the ACH system and other payment mechanisms for remittance transfers to foreign countries.

**Bureau Inquiry into Student Loan Servicing:** CFPB Director Richard Cordray has [announced](#) that the Bureau is "launching a [public inquiry](#) into student loan servicing practices that can make paying back loans a stressful or harmful process for borrowers." The issues that the Bureau is seeking information on include: industry practices that create repayment challenges, hurdles for distressed borrowers, and the economic incentives that may affect the quality of service. The CFPB also announced it is re-launching an enhanced version of its [Repay Student Debt](#) online tool to help borrowers figure out their options for affordable repayment.

**FinCEN Law Enforcement Awards:** FinCEN has [announced](#) the presentation of its first-ever Law Enforcement Awards in a ceremony at the Treasury Department. The awards are presented to law enforcement agencies that use Bank Secrecy Act (BSA) reporting in their criminal investigations. The primary goals of the program are to recognize law enforcement agencies who made effective use of BSA data to obtain a successful prosecution and to provide concrete evidence of the value of BSA data to the financial industry.

[Comment Calls](#)



### 2015 Annual NCUA Regulatory Review List

NCUA has a policy of continually reviewing its regulations to determine whether they should be updated, clarified, simplified, or eliminated. Every year, NCUA examines one-third of its regulations as part of this annual review process.

Please see NCUA's [2015 Regulatory Review](#) for this year's list. Please send your thoughts, suggestions, and/or comments to Selina Gambrell at [selinag@gcua.org](mailto:selinag@gcua.org) by **July 13th**.

The [CUNA Regulatory Advocacy Report](#) keeps you on top of the most important changes in Washington for credit unions--and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. 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](mailto:compliance@gcua.org).**