



InfoSight Highlight

What Does Your CU Know About the ACH Network?

The ACH Network is a highly reliable and efficient nationwide batch-oriented electronic funds transfer system governed by the NACHA OPERATING RULES which provide for the interbank clearing of electronic payments for participating depository financial institutions. The Federal Reserve and Electronic Payments Network act as ACH Operators (central clearing facilities) through which financial institutions transmit or receive ACH entries. ACH payments include:

- Direct Deposit of payroll, Social Security and other government benefits, and tax refunds;
- Direct Payment of consumer bills such as mortgages, loans, utility bills and insurance premiums;
- Business-to-business payments;
- E-checks;
- E-commerce payments;
- Federal, state and local tax payments.

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

Compliance News

NCUA Issues Letter to Credit Unions Regarding Taxi Medallion Lending

Taxi medallion lending is a valuable member service provided by certain credit unions with expertise in this form of member business lending which entails some unique risks. Recently, market forces have contributed to a significant increase in medallion values in several major metropolitan markets. As a result, **credit unions that offer or participate in these loans can be exposed to increased risk.**

A Letter to Credit Unions issued in April of 2014 (14-CU-06) provided a [Supervisory Letter](#) regarding the taxi medallion industry and lending requirements. In response to receiving many questions for clarification regarding financial reporting of taxi medallion loans, methods for valuing taxi medallions, and influences on the value of the medallions as collateral, the NCUA has issued [Letter to Credit](#)

GEORGIA CREDIT UNION
Affiliates

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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](#)

Unions 15-CU-03, which contains [Frequently Asked Questions](#) about this form of lending.

Class-Action Lawsuits Target CU Overdraft Programs

A new wave of class-action lawsuits may be headed credit unions' way, and this time they target overdraft programs.

Some say the lawsuits could lead to large losses in court.

Moreover, losses sustained from the suits would not be insurable, according to CUNA Mutual Group, which recommends that credit unions make sure disclosures sufficiently and accurately describe the credit union's overdraft practices.

CUNA Mutual reports that it is aware of four credit unions in California that have been hit with the lawsuits regarding their overdraft practices, noting that the lawsuits are not all coming from one legal firm. According to CUNA Mutual, the lawsuits against the credit unions allege that the fees are being improperly assessed on the available balance instead of the actual balance, the credit union's fee structure has not been clearly communicated, and that members are not being provided with accurate available balance information.

Some credit unions assess overdraft fees based on the members' available balance, rather than on the actual balance. CUNA Mutual Group explained that the suits allege that this situation causes confusion and may mislead members because assessing the fee on the available balance could lead to situations where overdraft fees are assessed even though the actual balance may not go negative.

For entire article click [here](#).

Info Collection for Non-U.S. Citizen Accounts

Question: One of our employees was at a conference recently and a speaker mentioned that within two years foreign governments

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

Compliance Calendar

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

October 12

Columbus Day - Federal Holiday

are going to be requesting information from U.S. financial institutions, for example the French government could ask us if we have accounts owned by French citizens. Is this true?

Answer: [CUNA's Compliance Blog](#) states that according to Michael Edwards, VP & Chief Counsel for the World Council of Credit Unions, the speaker could have been addressing a standard for multi-lateral tax information exchange that was released early in 2014 by the Organization for Economic Co-operation and Development (OECD.) The U.S. is a member of this organization.

Michael clarifies that under this new standard the foreign governments would not be requesting information directly from U.S. credit unions, but rather, the Treasury/IRS would be expected to collect that tax information and exchange it with foreign governments. You are probably asking, “don’t we already do this through IRS form 1042-S?” Yes, however, according to Michael, the new standard would include the collection of additional information beyond what credit unions are now collecting on the 1042-S, such as account balances. Although there is currently no statutory basis for collecting the additional information, the U.S. government has promised foreign governments that it will require U.S. credit unions and banks to collect this information.

The good news, according to Michael, is that “CUNA and the World Council have been successful so far in stopping Congress from passing new legislation that would authorize most of the tax information collection required by the new OECD agreement with respect to U.S. credit unions and banks.” Michael adds that “existing accounts and accounts where the member’s total shares at the credit union are below \$50,000 in value would likely be exempted from at least some of these requirements.”

For more information see: [Standard for Automatic Exchange of Financial Information in Tax Matters](#)

Your CU Should Know...

CFPB Posts Spring 2015 Rulemaking Agenda: The Consumer Financial Protection Bureau (CFPB) has posted an [article](#) with an

October 23
5300 Call Report Due to NCUA

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

Compliance Training

June 4, 2015
[Home Equity Lending](#) - Webinar
2:00 – 3:30 p.m. EST

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](#) -

overview of the agency's current rulemaking agenda, including the following major initiatives:

- Updates to HMDA
- TILA and RESPA integrated disclosures
- Dodd-Frank mortgage reform implementation rules
- Prepaid financial products
- Payday, auto title, and certain other loans
- Overdrafts
- Larger participants
- Debt collection
- Arbitration

Debit Interchange Fee Standards: The Federal Reserve Board has announced the publication of two lists of institutions using data available to the Board regarding compliance with the Regulation II debit card interchange fee standards. The lists are intended to help payment card networks and others determine which issuers qualify for the statutory exemption from the interchange fee standards. A debit card issuer that, together with its affiliates, has assets of less than \$10 billion is exempt. The announcement is [here](#).

Teaching Money Management to Children: The CFPB has posted an article, "[Here's why childhood is an important time to learn about money](#)," which discusses ways to teach money management to children as young as five years old.

Penalties Your CU Should Know...

\$30 Million for SCRA Violations: The OCC has announced consent orders to [cease and desist](#) and for a [\\$30 million civil money penalty](#)(CMP) against Bank of America, National Association, and ordered remediation to approximately 73,000 affected customer accounts. The actions regarded violations of law and unsafe or unsound practices in connection with the bank's non-home loan compliance with the Servicemembers Civil Relief Act (SCRA), and

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 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](#)

unsafe or unsound practices in connection with non-home debt collection litigation practices.

Wisconsin Bank to Pay \$200M to Settle Redlining Case: The Department of Housing and Urban Development (HUD) has announced an agreement with Associated Bank, N.A., Green Bay, Wisconsin, to resolve a disparate treatment redlining case, one of the largest redlining complaints brought by the federal government against a mortgage lender. At approximately \$200 million, it is the largest settlement of this kind HUD has ever reached. The complaint filed by HUD alleged that from 2008-2010, the bank engaged in discriminatory lending practices regarding the denial of mortgage loans to African-American and Hispanic applicants, and in the provision of loan services in neighborhoods with significant African-American or Hispanic populations. Read the agreement here. Over the next three years, Associated will pay nearly \$10 million in the form of lower interest rate home mortgages and down payment/closing cost assistance to qualified borrowers in majority-minority census tracts in the housing market areas of Chicago, Milwaukee, Minneapolis-St. Paul, Racine (WI), Kenosha (WI), and Lake County (IL). In addition, the bank agrees to:

- Invest nearly \$200 million through increased home mortgage lending activity in majority-minority census tracts in these areas;
- Provide nearly \$3 million to help existing homeowners repair their properties in these predominantly minority communities;
- Pay \$1.4 million to support affirmative marketing of loans in the above census tracts
- Commit \$1.35 million for community reinvestment and fair lending education and training;
- Open four loan production offices in majority-minority census tracts (three in the Chicago area and one in the Milwaukee area), subject to regulatory approval, in addition to three branches Associated has opened or is committed to opening in or near majority-minority census tracts in Chicago, Milwaukee, and Racine since HUD's complaint was filed; and
- Offer fair housing training to all its employees and agents with substantial residential lending activity within six months and maintain a second level review process for all denied residential loans.

& 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](#)

Discriminatory Mortgage Pricing Complaint: A joint [complaint](#) has been filed by the CFPB and the DOJ against Provident Funding Associates for charging higher broker fees on mortgage loans to African-American and Hispanic borrowers. The agencies also filed a proposed order that, if entered by the court, would require Provident to pay \$9 million in damages to harmed African-American and Hispanic borrowers. The agencies allege that Provident’s discretionary broker compensation policies caused the differences in total broker fees, and that Provident unlawfully discriminated against African-American and Hispanic borrowers in mortgage pricing. Approximately 14,000 African-American and Hispanic borrowers paid higher total broker fees because of this discrimination. Click the links for the [joint complaint](#) and the proposed [consent order](#).

Comment Calls

Department of Labor Proposal to Define Fiduciary

On April 20, 2015 the U.S. Department of Labor (DOL) published a proposed rule defining who is a “fiduciary” of an employee benefit plan under the Employee Retirement Income Security Act of 1974 (ERISA) as a result of giving investment advice to a plan or its participants or beneficiaries. The proposal also applies to the definition of a “fiduciary” of a plan (including an individual retirement account (IRA)) under section 4975 of the Internal Revenue Code of 1986 (Code). This proposal considerably expands the number of financial professionals that would be considered ERISA fiduciaries providing advice. A similar proposed rule was published in 2010. During the notice and comment period for the 2010 proposed rule, and at a public hearing there was considerable criticism of the proposal and the DOL decided to withdraw the rule and rewrite it. This proposed rule incorporates some changes from the 2010 comment period, however includes a comparable expansion of what is considered investment advice.

The relevant part of the proposed rule for credit unions is this expansion of what is considered investment advice, which could be triggered if credit unions provide services for 401K plans and IRAs.

This proposal could sweep in credit union employees providing assistance to members, which in the past has not been considered giving investment advice, thus making the employee an ERISA fiduciary. We are seeking feedback on whether this proposal would have any negative impact on the communications between credit unions and their members. Also, we are seeking feedback on whether this proposed rule

could negatively impact credit union members who may not be able to as freely receive assistance.

Please send your thoughts, suggestions, and/or comments to Selina Gambrell at selinag@gcua.org by **June 22nd**.

DOL has provided a [fact sheet](#) on the rule and [Regulatory Impact Analysis](#).

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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