



## InfoSight Highlight

GCUA Cybersecurity Compliance Call

**Did you know that cybersecurity is one of NCUA's exam priorities?** "Cybersecurity" has become a widely used term and for good reason. Credit unions must keep their members' data confidential. Data security has always been a credit union concern, but due to increases in identity theft and data stealing the issue has escalated. With the growing reliance on electronic delivery of services, cybersecurity becomes a key element to protecting our member's data and money on the internet.

Please join us on **Wednesday, July 15th at 10:00 a.m. EST** to hear nationally recognized speaker and credit union attorney David Reed of Reed & Jolly, PLLC discuss the latest regulatory developments and future activity in this rapidly evolving area.

This session will cover:

- Cybersecurity examination focus and guidance
- FFIEC Guidance and Game Plan
- From Teller to Board Chair, what cybersecurity should mean to your team
- Question and Discussion time

Look for the details regarding the call in your email inbox soon!

## Compliance News

Permissible Loan Interest Ceiling Extended

NCUA has issued **Letter to Federal Credit Unions 15-FCU-02** to notify FCUs of the NCUA Board's decision to continue the current interest rate ceiling for loans made by federal credit unions. At an open meeting on June 18, 2015, the Board approved a ceiling of 18 percent APR for most federal credit union loans (and 28 percent APR for payday alternative loans).

**Federal credit unions will not have to make any changes in loan pricing** as a result of the NCUA Board's decision.

GEORGIA CREDIT UNION  
*Affiliates*

InfoSight  
Compliance eNEWSLETTER  
June 29, 2015  
Vol. 9, Issue 26

Created in partnership with the



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

**Question: Why did NCUA Need to Renew the Interest Rate Ceiling?**

**Answer:** The Federal Credit Union Act generally limits federal credit unions to a 15 percent interest rate ceiling on loans. However, the NCUA Board may establish a higher rate for up to 18 months after considering certain statutory criteria.

The current rate ceiling would have expired on September 10, 2015. This month's NCUA Board action extends the ceiling for a period of 18 months through **March 10, 2017**.

**Question: What is the Effect on Payday Alternative Loans?**

**Answer:** The Board's decision preserves each federal credit union's ability to offer payday alternative loans under NCUA's PALs program. You may still charge those borrowers up to 28 percent on PALs under the terms and conditions specified in NCUA's regulation: a principal amount of \$200 to \$1,000, an application fee of no more than \$20, and a term of one to six months. You may make up to three PALs to each member during a six-month period, as long as no PALs overlap and no PALs are rolled over.

**Question: What if Market Rates Move Higher or Lower?**

**Answer:** If market rates move significantly in either direction before the extended rate ceiling expires, the Board may revisit the rate ceiling at any appropriate time.

If you believe the rate ceiling is preventing your credit union from granting loans to members, please notify NCUA's Office of Examination & Insurance at [EIMail@NCUA.gov](mailto:EIMail@NCUA.gov) or 703-518-6360.

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Standards for Assessing Diversity Policies and Practices  
NCUA has issued **Letter to Credit Unions 15-CU-05** to remind all credit unions that as required by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the NCUA Board has approved a final interagency policy statement to establish standards

[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

for assessing the diversity policies and practices of federally insured credit unions.

**This policy statement is *not* a new rule or regulation. It does *not* create any legal compliance obligations; implementation or use of the diversity standards is completely *voluntary*. NCUA will *not* incorporate the review of credit union diversity policies and practices in our examination and supervision program.**

However, especially if your credit union has at least 100 employees, you and your human resources officials are encouraged, where applicable, to review the enclosed [interagency policy statement](#) detailing best practices for advancing workforce and supplier diversity.

Each year, you will have an opportunity to conduct a voluntary self-assessment of your credit union's diversity initiatives. A voluntary, sample [Self-Assessment Checklist](#) is enclosed with the letter.

In accordance with Paperwork Reduction Act requirements, the effective date for collection of information from these voluntary submissions will be announced in the *Federal Register* following approval from the U.S. Office of Management and Budget (OMB).

NCUA will aggregate credit unions' self-assessment data anonymously, then submit it as part of the annual report to Congress from NCUA's Office of Minority and Women Inclusion (OMWI).

## SCOPE OF APPLICATION

The enclosed diversity standards are not a "one-size-fits-all" approach, but a flexible listing of leading diversity practices. Each credit union may use the standards in a manner appropriate to its unique characteristics.

**When developing the diversity standards, agencies focused primarily on entities with more than 100 employees.** Credit unions and banks with more than 100 employees are usually required to file an EEO-1 Report on workforce diversity annually.

Nearly ten percent (619) of all federally insured credit unions currently have 100 or more employees. These 619 credit unions employ 68 percent of all employees working in all federally insured credit unions. NCUA Call Reports show that 64 percent of the 619

October 23  
5300 Call Report Due to NCUA

November 1  
Daylight Savings Time Ends

November 11  
Veterans' Day - Federal Holiday

November 26  
Thanksgiving Day - Federal Holiday

December 25  
Christmas Day - Federal Holiday

December 31  
Foreign Account Tax Compliance Act Effective Date

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

## Compliance Training

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](#)

credit unions required to file the EEO-1 Report also self-report having a diversity program in place.

NCUA understands that credit unions with a small number of employees, or located in rural areas, face different diversity challenges compared to larger regulated entities, or those located in more diverse urban areas.

## **DEFINITION OF DIVERSITY**

The interagency policy statement defines diversity as minorities and women, consistent with Section 342(g)(3) of the Dodd-Frank Act. Minorities are defined as Black Americans, Native Americans, Hispanic Americans, and Asian Americans.

**In addition, the policy statement provides flexibility for your credit union to establish its own broader definitions for diversity.** Broader definitions may be especially appropriate if your credit union is located in an area where there are limited minority populations. For example, broader definitions may include persons with disabilities, veterans, and lesbian/gay/bisexual/transgender individuals.

Per the intent of Section 342 of the Dodd-Frank Act, NCUA encourages credit unions, where feasible, to strive to accomplish a diverse workforce, consider diversity in contracting activities, and employ staff that reflect the diversity within their respective fields of membership.

## **BEST PRACTICES RECOMMENDED TO ASSESS DIVERSITY STANDARDS**

The enclosed interagency policy statement details best practices for a credit union to voluntarily assess its diversity and inclusion policies and practices in five distinct areas. The focus of each area is summarized below, with more detailed information on each area contained in the enclosed interagency policy statement:

### **1. Organizational Commitment to Diversity and**

**Inclusion:** This set of diversity standards measures the credit union's overall, top-level commitment to diversity and inclusion in employment and contracting. The diversity standards also provide guidance on how to cultivate an environment that embraces diversity and inclusion throughout the organization.

These standards highlight the importance of the role and

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**

August 4, 2015  
IRA Excess Contributions - Webinar  
**12:00 – 1:30 p.m. EST**

August 6, 2015  
Surviving in the Compliance

commitment of senior leadership in promoting diversity and inclusion throughout the organization.

**2. Workforce Profile and Employment Practices:** This set of diversity standards illustrates efforts for promoting the fair inclusion of minorities and women in the applicant pool for vacancies within the workforce at all levels. Consistent with existing EEOC guidelines, all credit unions must ensure equal employment opportunities for all employees and applicants for employment, and must not engage in unlawful discrimination based on gender, race, and ethnicity.

The diversity standards highlight the use of analytical tools, including metrics, to measure and track the level of inclusiveness within the workforce. The use of analytical tools neither encourages nor requires the unlawful use of quotas, classifications, or preferences for personnel actions. You may expand your outreach to provide a diverse applicant pool for vacancies, but still hire the most qualified person for each position.

### **3. Procurement and Business Practices – Supplier**

**Diversity:** This set of diversity standards illustrates efforts for promoting the fair inclusion of minority- and women-owned businesses in the participation of contracting opportunities. It encourages credit unions to provide an avenue for qualified minority- and women-owned businesses to bid on contracts meeting certain criteria as determined and established by the credit union (e.g., bidding for all contracts greater than \$10,000).

These standards also highlight the use of metrics for measuring and tracking the level of minority- and women-owned business inclusiveness in contracting opportunities. Building a Supplier Diversity Program can be a challenge and takes time.

### **4. Practices to Promote Transparency of Organizational**

**Diversity and Inclusion:** This set of diversity standards provides best practice examples for how credit unions can appropriately communicate information about their diversity, inclusion efforts, and progress made in a transparent manner through normal business methods. These methods may include displaying the results of a credit union's diversity assessment, diversity metrics or profiles, and diversity efforts on its website, or within its written annual report to members, or both. Examples of such transparency from NCUA's diversity

[Jungle of Collections - Webinar](#)  
**12:00 – 1:30 p.m. EST**

August 11 & 13, 2015  
[Performing Your ACH Audit and ACH Risk Assessment - Webinar](#)  
**2:00 – 3:30 p.m. EST**

August 25 – December 31, 2015  
[CUNA Regulatory Compliance Update eSchool](#)

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

and inclusion practices can be found in NCUA's [OMWI Congressional Reports](#).

Transparency means providing insight into your credit union's considerations, but transparency does *not* require you to share confidential and proprietary information. Transparency is not just metrics; it's about telling your credit union's full story or journey to embrace or enhance diversity and inclusion through your efforts. Examples of information to share for transparency include:

- Detailed information on diversity and inclusion efforts;
- Demographic information on workforce composition;
- Demographic information on board members and other officials; and
- Sponsorships or partnerships with diverse organizations.

You may consider publishing information about procurement activities and about how to do business with your credit union. Examples of NCUA's supplier diversity transparency can be found on NCUA's [OMWI's Supplier Diversity webpage](#).

**5. Entities' Self-Assessment:** This final set of diversity standards provides guidance on performing a self-assessment at your credit union, and steps to take after the self-assessment is completed. In general, you may perform the self-assessment by comparing your existing diversity and inclusion policies and practices against the above diversity standards; summarizing the information; communicating that information through normal business methods; and voluntarily providing such information to NCUA annually.

## **HOW NCUA WILL COLLECT AND REPORT CREDIT UNION DIVERSITY SELF-ASSESSMENTS**

NCUA will welcome these voluntary submissions after the effective date for the collection of information. There will be an interagency notice in the Federal Register upon OMB approval of the collection of information.

Any federally insured credit union, including those chartered by a state regulator, may voluntarily submit a self-assessment by mail to OMWI or by e-mail to [OMWImail@ncua.gov](mailto:OMWImail@ncua.gov).

**NCUA will *not* publish diversity information that identifies any particular credit union or individual, unless a credit union consents in writing to such use.**

NCUA plans to use such information in the aggregate for the purpose of monitoring progress and trends of the credit union system's diversity and inclusion activities in employment and contracting, and to highlight successful diversity policies and practices, primarily in NCUA's annual OMWI Congressional Report. Examples of NCUA's aggregated disclosures are found in past [OMWI Congressional Reports](#).

In summary, the Dodd-Frank Act encourages, but does not require, financial depository institutions including credit unions with larger employee bases (e.g., over 100 employees) to consider adopting and incorporating these interagency diversity standards into ongoing business and hiring practices.

It has been demonstrated that diversity best practices are also good business practices. Hiring qualified staff and vendors that reflect the diversity of your field of membership enriches the employee experience, enhances output, and extends member outreach. If you are not already engaged in such activities, you might want to consider the appropriateness of these diversity standards for your credit union.

**This voluntary collection will *not* be part of any NCUA examination process. Likewise, the state regulator for federally insured, state-chartered credit unions will not be involved with the collection or review of diversity assessment reports.**

If you have any questions, please contact NCUA's OMWI at (703) 518-1650 or by email at [OMWImail@ncua.gov](mailto:OMWImail@ncua.gov).

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CFPB Releases Spring Supervisory Highlights

As it has done in the past, the Consumer Financial Protection Bureau (CFPB) has published the most recent edition of its "Supervisory Highlights." These highlights give credit unions a glimpse into what type of compliance issues the CFPB is looking for, what their examiners have found, and how they have responded with remedial

actions. This edition of highlights focused on credit reporting agencies (CRAs), mortgage servicing, and debt collection.

CUNA's Compliance Blog reminds credit unions to keep in mind that the CFPB can supervise all depositories over \$10 billion (and their affiliates), mortgage companies (originators, brokers, servicers, providers of loan modification or foreclosure relief services) payday lenders, education lenders, and “larger participants” in other nonbank markets as it defines through a rulemaking. While most credit unions aren't (yet) subject to CFPB supervision, that doesn't mean that CFPB supervision is irrelevant. Rest assured that NCUA's examiners are keeping a close eye on their CFPB colleagues, and are likely to follow their lead on many issues.

The report also reveals that three recent CFPB enforcement actions (including the big overdraft action against Regions Bank) resulted from information discovered by examiners. In addition to these public legal actions, recent non-public supervisory resolutions have resulted in nearly \$12 million in consumer remediation.

#### Credit Reporting:

- Examiners further found that one or more CRAs did not conduct regular monitoring to ensure that furnishers adhere to the CRAs' vetting requirements.
- One or more CRAs' policies and procedures were not updated to describe actual practices. In some instances, the policies and procedures included outdated information.

#### Debt Collection:

- As in previous reports, the Bureau stressed the importance of compliance management systems (CMS) that are well-maintained and tailored to an institutions' specific operations.
- Examinations of one or more institutions engaging in debt collection identified various CMS weaknesses. One or more institutions' boards of directors did not hold regularly scheduled meetings or receive information sufficient to adequately oversee compliance practices.
- Some institutions lacked formal follow-up or escalation procedures for third-party debt collection personnel who were delinquent in completing their required training. These providers were allowed to continue collecting on debt and interacting with consumers, even when their training was overdue. And the institutions lacked comprehensive compliance audit programs.



- Examiners identified instances where complaints and inquiries forwarded from third-party debt collectors were not recorded, categorized, or processed by the financial institution receiving them. Instead, they remained reviewed in an electronic queue.
- During an examination of one or more institutions, examiners also found weaknesses in inquiry and complaint management for collections operations. The institutions did not log or record consumer complaints that were resolved by agents or their managers.

#### Student loan servicing:

- During one or more examinations, examiners determined that student loan servicers included language on periodic statements suggesting that borrowers could not deduct on tax filings interest paid on qualified student loans unless they paid more than \$600 in interest. Examiners found this practice to be deceptive because there is actually no minimum amount of qualified student loan interest that borrowers must pay before taking a deduction.
- One or more student loan servicers did not include all required information in FCRA adverse action notices when denying cosigner release requests

#### Mortgage origination:

The Bureau's examiners have completed the first round of targeted reviews for mortgage origination compliance with the Title XIV rules. The Title XIV rules include the ability-to-repay, loan originator compensation, high-cost mortgages, homeownership counseling and escrow rules.

- One or more supervised entities violated Regulation Z by failing to establish written policies and procedures as required by the rule. Specifically, Supervision found written policies on loan originator compensation and qualification and identification requirements without written procedures instructing employees on how to comply with the written policies.
- One of more lenders did not fully comply with the disclosure requirements of Regulation X by failing to provide the list of housing counseling agencies to consumers. In particular, the housing counseling agencies lists did not contain the website address for each listed housing counseling agency because the vendors accidentally omitted the website data field.

- One or more examinations revealed that supervised entities did not fully comply with the disclosure requirements of RESPA by failing to provide the list of housing counseling agencies to consumers.

#### Mortgage servicing:

Similar to the origination rules, CFPB has stated in no uncertain terms that compliance with the new servicing rules is a high priority for its Supervision team.

- One or more servicers failed to send any loss mitigation acknowledgment notices. At least one servicer did not send notices after a loss mitigation processing platform malfunctioned repeatedly over a significant period of time.
- One or more servicers failed to honor the terms of some trial modifications after transfer. Some borrowers who completed trial payments with the new servicer nonetheless encountered substantial delays before receiving a permanent loan modification.
- Loss mitigation and foreclosure- At least one servicer sent notices of intent to foreclose to borrowers already approved for a trial modification and before the trial modification's first payment was due without verifying whether borrowers had a pending loss mitigation plan before sending its notice.
- One servicer sent notices warning borrowers who were current on their loans that foreclosure would be imminent. The practice stemmed from a system error whereby default letters were generated to borrowers with low-balance home equity lines of credit (HELOCs) and no monthly payment due.

#### Fair Lending:

- One or more institutions excluding or refusing to consider income derived from the Section 8 HCV Homeownership Program during the mortgage loan application and underwriting process. Some institutions have restricted the use of Section 8 HCV Homeownership Program vouchers to only certain home mortgage loan products or delivery channels.

Click [here](#) to read the full report.

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Your CU Should Know...

**Updated Compliance Guide:** The CFPB has posted [version 2.1](#) of its *TILA/RESPA Integrated Disclosure Rule Small Entity Compliance Guide*, noting that it includes "miscellaneous administrative changes." The updated Guide does not yet reflect the Bureau's proposed delay of the effective date for compliance with the Integrated Disclosures Rule.

**Bureau Focus on Customer Complaints:** In two articles on its blog, "[Mortgage closing can be complicated; Navid's story](#)" and "[Today we begin to share the story of your complaints](#)," and a [press release](#), the CFPB announced an enhanced public-facing consumer complaint database in which the CFPB makes available over 7,700 consumer accounts of problems they are facing with financial companies concerning mortgages, bank accounts, credit cards, debt collection, and more. The CFPB also said it will publish a Request for Information seeking input on whether there are ways to enable the public to more easily understand and make comparisons of the complaint information.

The CFPB also cited its [Consumer Complaint Narrative Policy](#), which lays out the specific procedures and safeguards the Bureau has put in place to publish narratives in the database. The policy includes important safeguards for removing a consumer's personal information and ensuring the informed consent of any consumer who participates. Under the CFPB policy, companies also have 180 days to select an optional public-facing response to be included in the public database.

## Comment Calls

Proposal Would Postpone TRID Date to October 3

The CFPB has [issued](#) its promised [proposal](#) to delay the effective date of its TILA/RESPA Integrated Disclosure (TRID) rule, dubbed the "Know Before You Owe" rule by the Bureau, **not to October 1, as it announced earlier, but to October 3, 2015**, to accommodate lenders planning on a Saturday effective date. The proposal is 23 pages long, including prefatory text explaining the reasons for the proposed postponement -- the Bureau does acknowledge that it "has learned that delays in the delivery of system updates have left creditors and others with limited time to fully test all of their systems and system components to ensure that each system works with the others in an effective manner." Also included are a number of proposed

changes to the text of the regulation and commentary in which specific references to the current effective date of August 1 are included.

Comments on the proposal are due by **July 7, 2015**.

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.

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**Need a BSA, ACH or Website review? Email [compliance@gcua.org](mailto:compliance@gcua.org).**