



InfoSight Highlight

OFAC Frequently Asked Questions

Question: Do credit unions need to have two separate policies, one for OFAC regulations and another for the Bank Secrecy Act?

Answer: According to NCUA [Letter to Credit Unions 01-CU-25](#), a credit union must have policies and procedures in place for the purpose of complying with OFAC regulations and the various laws that OFAC is responsible for administering. However, the Letter does not indicate that there is any prohibition from combining it with the BSA policy. Therefore it appears that the credit union may incorporate the OFAC policy into your BSA policy, provided that the current BSA policy is in compliance with Part 748 of NCUA Rules and Regulations.

Question: Does the credit union need to file an OFAC Annual Report of Blocked Property if it has had no hits on the SDN List in the last year?

Answer: There is no need to file the report if there were no hits on the SDN List in the last year and the credit union is not holding any blocked property.

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

Compliance News

Final HMDA Rule Published

The Consumer Financial Protection Bureau's (CFPB) final rule amending Regulation C (Home Mortgage Disclosure) has been published in the *Federal Register*. The rule implements amendments to the Home Mortgage Disclosure Act made by section 1094 of the Dodd-Frank Act. The Bureau is adding several new reporting requirements and clarifying several existing requirements. The CFPB is also modifying the institutional and transactional coverage of Regulation C. The final rule also provides extensive guidance regarding compliance with both the existing and new requirements.

The rule is effective January 1, 2018, with selected requirements phased in on January 1, 2019, and on January 1, 2020.

Click [here](#) to view the Final Rule.

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](#)

For more information, please see the [October 19](#) and [26](#) editions of *InfoSight eNewsletter*.

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

Compliance Calendar

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

November 4, 2015
[Social Media Compliance Dos and Don'ts](#) – Webinar
11:00 – 12:30 p.m.

November 12, 2015
[BSA/OFAC Workshop](#)
Atlanta, GA

November 15 – 18, 2015
[CUNA BSA Conference](#)
Fort Lauderdale, FL

November 18, 2015
[Advertising Share Account Products via Social Media](#) -

Federal Government Employees and Volunteer Activities

Question: Many of the members of our federal credit union's board are employed by a federal agency (our federal credit union has an SEG affiliation with the agency), and would like to use administrative leave rather than using vacation leave to attend board meetings. Is this allowed? Are there any federal government resources available that provide guidelines on taking leave for volunteer activities?

Answer: The answer, according to [CUNA's Compliance Blog](#), is "it depends." This decision is ultimately left to each federal agency/department to determine. Guidance issued by the U.S. Office of Personnel Management (OPM) suggests that administrative leave may be granted as long as it is not prohibited by law and satisfies at least one of the following criteria:

- the absence is directly related to the department or agency's mission;
- the absence is officially sponsored or sanctioned by the head of the department or agency;
- the absence will clearly enhance the professional development or skills of the employee in his or her current position; or
- the absence is brief and is determined to be in the interest of the agency.

OPM also advises that agencies should review their internal guidance on administrative leave and any applicable collective bargaining agreements.

For more information, please review OPM's fact sheets on administrative leave and volunteer activities:

- [Fact Sheet: Administrative Leave](#)
- [Fact Sheet: Guidance on Scheduling Work and Granting Time Off to Permit Federal Employees to Participate in Volunteer Activities](#)

The Comptroller General has issued many decisions acknowledging that agencies have the authority to grant administrative leave, unless prohibited by law. In 1984, the Comptroller General issued a decision pertaining to federal employees providing advice and support to federal credit unions. In that opinion, it made clear that grants of administrative leave are usually for short periods of time (hours and not days) – and concluded that federal agencies may grant administrative leave to its employees “to render limited advice and support to federal credit unions, and that it is within the agency’s discretion to specify the types of acts for which administrative leave may be granted.”

To read the 1984 opinion letter from the Comptroller General of the United States on the issue of administrative leave and federal employees providing advice and support to federal credit unions, please click [here](#).

Keep in mind that we are making the assumption that the official of the federal credit union is not compensated. Please consult the bylaws of your federal credit union for the one official (position) that may receive compensation for performing duties or responsibilities for which they have been elected.

Webinar
11:00 – 12:30 p.m. EST

November 18, 2015
[Auto Lending](#) - NCUA
Webinar
2:00 - 3:30 p.m. EST

November 25, 2015
[Lending Advertising Rules and Requirement](#) - Webinar
11:00 – 12:30 p.m. EST

December 2, 2015
[Social Media Compliance Risks](#) - Webinar
11:00 – 12:30 p.m. EST

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

Application Fees Under the DoD's Military Lending Act Regulations
Question: Under the Department of Defense Military Lending Act regulations, are state chartered credit unions able to exclude an application fee from the Military Annual Percentage Rate (MAPR) once in any rolling 12-month period?

Answer: No. State Chartered credit unions do not qualify for this exemption. Generally, all application fees must be included in the calculation of the MAPR. However, Federal credit unions are partially exempt from this requirement. They may exclude one application fee (which is limited to \$20 or less under NCUA’s PAL Program) in any rolling 12-month period when making a short-term, small amount closed-end loan under the NCUA’s Payday Alternative Loan (PAL) program. An application fee charged by a Federal credit union to a covered borrower who applies for a second short-term small amount loan within 12-months of the first loan, may not be excluded from the MAPR calculation.

The DoD intentionally included only FCU's under the exemption because they are subject to a federal interest rate cap under the NCUA's PAL program and to avoid conflict with the rules of a fellow federal agency i.e. NCUA's PAL program. The exemption applies only to "short-term, small-amount loans" as defined in the MLA rule and includes only loans made in accordance with a federal law.

Therefore, state-chartered credit unions do not qualify for the exemption.

As a reminder--**the Military Lending Act regulations were effective October 1, 2015, however compliance isn't mandatory until October 3, 2016.**

Your CU Should Know...

Ed Department Issues Rule Affecting Campus Bank Accounts: The Department of Education has published a final rule titled "Program Integrity and Improvement" affecting portions of the Student Assistance General Provisions issued under the Higher Education Act of 1965. The amendments are intended to ensure that students have convenient access to their title IV, HEA program funds, do not incur unreasonable and uncommon financial account fees on their title IV funds, and are not led to believe they must open a particular financial account to receive their Federal student aid. **The rule takes effect on July 1, 2016, with mandatory compliance dates for selected provisions on September 1, 2016, July 1, 2017, and September 1, 2017.**

Bureau Posts Updated Rural or Underserved Counties List: The Consumer Financial Protection Bureau today posted lists of counties determined to be "rural" and "rural or underserved" during 2015 for purposes of applying certain Truth in Lending regulatory provisions during 2016 (2016 lists). The 2016 lists have been added to the Bureau's Guidance Documents page.

Some lenders with volume in rural or underserved counties that outweighs volume in other counties are exempt from certain regulatory requirements in Ability to Repay and Qualified Mortgage Standards and Escrow Requirements under the Truth in Lending Act, such as creating

escrow accounts and not including balloon payment provisions to get “qualified mortgage” status.

NCUA Auto Lending Webinar: “[Auto Lending](#),” a 90 minute free webinar, will be hosted on **November 18** by the NCUA. The session will begin at **2:00 p.m. EST**. Topics to be covered include:

- Harvesting auto refinance loans from the field of membership;
- Building automobile loan volume with loans to members with lower credit scores;
- Optimizing the value of each loan application; and
- Managing the risk of non-prime loans.

NCUA Cybersecurity Video: The NCUA has posted a [video](#) to help credit unions use the [FFIEC’s cybersecurity assessment tool](#) to evaluate their ability to address cyber risks. The video provides an overview of how the assessment tool works. The tool can help credit unions pinpoint strengths and weaknesses in their cyber security programs.

CFPB Issues October Consumer Complaints Report: The Bureau has [announced](#) the release of its [October 2015 Monthly Complaint Report](#), which highlights credit card complaints. Consumers’ most frequent credit card-related complaints were about incurring late fees and credit report problems due to confusing payment processing schedules and difficulty disputing bill inaccuracies. The report also highlights trends seen in complaints coming from the Chicago metro area.

Local Training - BSA/OFAC Workshop

Credit unions have an obligation—both to the government and to their members—to stay compliant with important regulations. If you need an update on the latest developments in Bank Secrecy Act (BSA) and Office of Foreign Assets Control (OFAC) compliance, join us for

the BSA/OFAC Workshop November 12 at Atlanta Postal Credit Union.

The program will be led by Cindy Turner, Vice President of Compliance Services at Georgia Credit Union Affiliates with additional information provided by Jack Killorin, Director of Atlanta-Carolinas High Intensity Drug Trafficking Area program and staff from the Georgia Department of Banking and Finance.

- The program will address a variety of important issues including:
- Required Policies and Procedures
- Risk Assessment and Documentation
- Documentation Standards on CTRs and SARs
- Shared Branching and Money Service Business

If you want to better the compliance culture at your credit union, don't skip this invaluable opportunity.

Click [here](#) for more information or to register.

Comment Calls

Investment and Deposit Activities—Bank Notes

The NCUA Board proposed a [rule](#) at its October Board meeting to amend the agency's investment and deposit regulation in Part 703. The proposed rule would amend the maturity requirement for bank notes to be permissible investments for federal credit unions (FCU) by removing the word "original" from the current requirement that bank notes have "original weighted average maturities of less than 5 years." This rule would permit FCUs to purchase bank notes that had original maturities greater than 5 years but have remaining maturities of less than 5 years.

GCUA would like to know your thoughts and/or concerns on this proposal. Please send your responses to Selina Gambrell at selinag@gcua.org by **November 9, 2015**.

The [CUNA Advocacy Update](#) 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@gcu.org.