

## InfoSight Highlight

### Children's Online Privacy Protection Act

The Children's Online Privacy Protection Act (COPPA) was enacted to prevent unfair or deceptive acts or practices in the collection, use, and/or disclosure of personal information from and about children under 13 years of age on the Internet. Operators of websites or online services (operators) who have actual knowledge that they are dealing with a minor must comply with COPPA.

COPPA required the Federal Trade Commission (FTC) to issue rules concerning the collection of personal information from children under the age of 13. Under COPPA, NCUA has authority to enforce compliance with the act by Federal credit unions. The FTC enforces compliance with COPPA by state-chartered credit unions.

#### How does COPPA affect the credit union?

Before the credit union collects or maintains personal information obtained from the Internet from a child, the credit union must adopt policies or procedures detailing how such information will be collected, used, disclosed, and what methods will be used to ensure confidentiality.

If a credit union is currently collecting information on the Internet from children, the credit union should immediately review what it is collecting, how it is used, what disclosures are being made, and whether its practices comply with COPPA.

COPPA is of particular concern for credit unions that have portions of their Web site that have content that is designed to appeal to children. If any information is collected about children over the Web site, then credit unions should examine whether they are subject to COPPA requirements.

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

Review the information today to help your credit union remain in compliance.

## Compliance News

### OFAC adds SDN designations

## InfoSight Compliance eNEWSLETTER April 21, 2017 Vol. 11, Issue 16

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Credit Union National Association

## Compliance Videos

### First Quarter 2017 Recap and Second Quarter Outlook

This [video](#) provides a recap from Glory LeDu, Director of League System Relations, of the first quarter compliance updates and gives a “sneak peek” of what is to come in the second quarter of 2017. Included are such topics as the NCUA changes to Member Business Lending, the Fixed Assets Rule and the Chartering and Field of Membership Manual as well as a minor revision to the CFPB’s HMDA information. There were also annual updates from the CFPB, FRB and the IRS. The FFIEC has also updated the Uniform Interagency Consumer Compliance Rating System, which is mentioned in this video as well as covered in depth in a separate video.

The Treasury Department's Office of Foreign Assets Control (OFAC) has added one entity and six individuals to its SDN List with a combination of designations under OFAC's SDGT, LIBYA3, ISIL and IRAN-HR sanctions programs. It has also added two individuals to its list of Specially Designated Nationals under its Central African Republic (CAR) sanctions. The office also removed a Zimbabwe sanctions listing.

*Source: OFAC*

### **Bureau proposes amendments to clarify HMDA rule**

The Consumer Financial Protection Bureau has released a proposed rule to help financial institutions comply with the 2015 HMDA Final Rule by clarifying the information they will be required to collect and report about their mortgage lending. The [proposed rule](#) contains a number of clarifications, technical corrections, and minor changes to the HMDA regulation. These include clarifying certain key terms, such as "temporary financing" and "automated underwriting system." The proposal would also, for example, establish transition rules for reporting certain loans purchased by financial institutions. Another proposed change would facilitate reporting the census tract of a property, using a new geocoding tool the CFPB plans to provide online. Comments on the proposal will be accepted for 30 days after its publication in the Federal Register.

*Source: CFPB*

### **NCUA meeting notice**

The NCUA has [published a notice](#) of an open meeting of its Board at 10:00 a.m. EDT, April 20, at which the NCUA Board will consider quarterly reports on the Share Insurance and Corporate Stabilization funds, and proposed changes to Illinois' Member Business Loan Rule. The open meeting will be followed by a closed meeting to consider a share insurance appeal.

*Source: NCUA*

### **FFIEC Consumer Compliance**

In this [video](#), Glory LeDu explains the updates made to the Uniform Interagency Consumer Compliance Rating System by the Federal Financial Institutions Examination Council (FFIEC), as well as the CFPB's requirements for an effective Consumer Compliance Management System. Credit unions should review this video to determine how their current compliance management system stacks up, as examiners will be using this rating system to evaluate credit unions on compliance factors and will be assigning an overall Consumer Compliance Rating.

### **Member Business Lending**

[This video](#) provides the details you will need to know to comply with the NCUA's Member Business Lending rules.

### **Compliance Calendar**

April, 2017

- April 30th, 2017:  
[5300 Call Report Due to NCUA](#)

## ACH Operations Bulletin #2-2017: Same Day ACH and Debit Processing

NACHA's rollout of Same Day ACH is proceeding to Phase 2, as Same Day debit capabilities will go live on September 15. In preparation for this milestone, NACHA has released a list of recommended action items to be performed in advance of September 15.

Most of these steps can be categorized as "hygiene," e.g., confirming the accuracy of Effective Entry Dates, and ensuring that third-party senders and software vendors are adhering to proper practices. However, one of NACHA's messages is worthy of emphasis: *"Even those not planning to use same-day processing for ACH debits should take reasonable care to prevent unintentional same-day ACH debits."*

The September 2016 Phase 1 rollout of same day ACH credits went extremely smoothly, with no reports of significant operational issues and more than \$5 billion of monthly volume being processed. The September 2017 event will be more complex- greatly expanded use cases will likely lead to higher volume, while the process flow of ACH debits heightens the potential for the unintentional transactions NACHA notes above.

Network rules require that **all** financial institutions stand ready to receive same day ACH debits by September 15, even those that elect not to originate them.

A complete version of NACHA's bulletin is available [here](#).

Source: CUNA/NACHA

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## Back 2 Basics: 5 Steps to Follow When You Receive a Garnishment Notice

### 1. Determine whether a "Right to Garnish Federal Benefits" is Attached

Prior to taking any other action related to a garnishment order, and no later than two business days after receiving the order, a credit union must review the order to determine if the United States or a State child support enforcement agency has attached or included a Notice of Right to Garnish Federal Benefits.

May, 2017

- May 29th, 2017: Memorial Day - Federal Holiday

June, 2017

- June 9th, 2017: [Fiduciary Rule \(Department of Labor\) – Compliance Date](#)

July, 2017

- July 4th, 2017: Independence Day - Federal Holiday
- July 30th, 2017: [5300 Call Report Due to NCUA](#)

September, 2017

- September 4th, 2017: Labor Day - Federal Holiday
- September 15th, 2017: [Same-day ACH \(NACHA\) – Phase 2 of the implementation period for the rule.](#)

October, 2017

- October 1st, 2017: [Prepaid Accounts under the Electronic Fund Transfer Act/Regulation E and the Truth In Lending Act/Regulation Z](#)

If such a notice is attached or included with the garnishment order, then the credit union must follow its customary procedures for handling garnishments.

If no such notice is attached or included, then the credit union must perform an account review to determine whether the account holds any federal benefit payments, and if necessary, protect such federal benefit funds from garnishment.

## 2. Perform a Federal Benefits Account Review

No later than two business days following receipt of the order the credit union must perform an account review.

In an account review the credit union will examine the deposits made into the account for the previous two-month period (the lookback period) to determine if a benefit agency has deposited a benefit payment into the account during that time. For example, the credit union receives a garnishment order on Wednesday, March 17 and begins the account review that same day. The lookback period begins on Tuesday, March 16 (the day preceding the beginning of the account review) and ends two months earlier, on January 16.

If the account review shows that a benefit agency did not deposit a benefit payment into the account during the lookback period, then the credit union must follow its customary procedures for handling the garnishment order.

If the account review shows that a benefit agency deposited a benefit payment into the account during the lookback period, then the credit union must protect the benefit funds as required by this regulation. ([31 CFR Part 212—Garnishment Of Accounts Containing Federal Benefit Payments](#))

The credit union must perform an account review regardless of:

- (1) The presence of other funds, from whatever source, that may be commingled in the account with funds from a benefit payment;
- (2) The existence of a co-owner on the account;
- (3) The existence of benefit payments to multiple beneficiaries, and/or under multiple programs, deposited in the account;
- (4) The balance in the account, provided the balance is above zero dollars on the date of account review;
- (5) Instructions to the contrary in the order; or
- (6) The nature of the debt or obligation underlying the order.

- October 3rd, 2017: [Military Lending Act for Credit Cards](#)
- October 9th, 2017: Columbus Day - Federal Holiday
- October 19th, 2017: [Amendments to the 2013 Mortgage Rules under the Real Estate Settlement Procedures Act - Regulation X and the Truth in Lending Act - Regulation Z](#)
- October 29th, 2017: [5300 Call Report Due to NCUA](#)

### Compliance Training

#### Regulatory Compliance Training

##### NCUA Field-of-Membership Rule

Get more information about the NCUA's new field-of-membership rule by watching the [agency's webinar online](#) and review [questions and answers](#) from the event.

The NCUA Board unanimously approved the new field-of-membership rule at its [October 2016 open meeting](#).

[NCUA videos on effective board meetings](#)

The credit union must perform the account review separately for each account in the name of an account holder named on the garnishment.

### **3. Protect Your Members' Benefit Payments**

The credit union must immediately calculate and establish the protected amount for each account in the name of an account holder and ensure that the account holder has full and customary access to any protected funds. The credit union must not freeze federal benefits in response to the garnishment order.

For any funds in an account in excess of the protected amount, the credit union must follow its customary procedures for handling garnishment orders, including the freezing of funds.

The credit union must perform the account review only one time upon the initial service of a garnishment order. If the credit union is subsequently served a new or different garnishment order against the same account holder, the credit union must perform a separate and new account review.

The credit union must not continually garnish amounts deposited or credited to the account following the date of account review, and must not freeze any funds subsequently deposited or credited, unless the credit union is served with a new or different garnishment order.

The credit union may not charge or collect a garnishment fee against a protected amount. The credit union may charge or collect a garnishment fee up to five business days after the account review if funds other than a benefit payment are deposited to the account within this period, provided that the fee does not exceed the amount of the non-benefit deposited funds.

### **4. Notify Your Member**

The credit union must send a notice to the member named in the garnishment order when:

- (1) A benefit agency deposited a benefit payment into an account during the lookback period;
- (2) The balance in the account on the date of account review was above zero dollars and the credit union established a protected amount; and
- (3) There are funds in the account in excess of the protected amount.

The credit union must send the notice, within 3 business days from the date of the account review, directly to the account holder. Only

The NCUA has [released](#) a new video series, "Effective Board Meetings," designed to help credit union directors make the best use of their meetings. The four-part series features different examples of well-run and poorly run board meetings. It also provides helpful tips on how to run constructive meetings and create an environment that engages a credit union's board members.

### **CUNA AND CUNA Webinars**

CUNA offers hundreds of online training events that make it easy for you to learn right at your desk. Whether you are looking for a beginner course or want a comprehensive understanding on a specific topic, CUNA webinars, audio conferences and eSchools have what you need.

[Click here](#) for updates on compliance, operations, lending topics and more!

information and documents pertaining to the garnishment order, including other notices or forms that may be required under State or local government law, may be included in the communication. The credit union may issue one notice with information related to multiple accounts of an account holder.

The notice must provide information to your member explaining:

- *Why am I receiving this notice?*
- *What is garnishment?*
- *What has happened to my account?*
- *Do I need to do anything to access my protected funds?*
- *Who garnished my account?*
- *What types of Federal benefit payments are protected from garnishment?*

Sample notices are available in Appendix A to the rule.

## **5. Retain Your Records**

A credit union must retain records of account activity and actions taken in response to a garnishment order for a period of not less than two years from the date on which the credit union receives the garnishment order.

*Source: CUNA Compliance Blog*

### **Advocacy Highlight**

#### **Governors in Montana and Tennessee Consider Credit Union Bills**

Montana's governor, Steve Bullock, is contemplating signing prize-linked savings legislation, S. 25. The measure would authorize credit unions and banks to conduct the promotional programs. The programs are designed to help individuals save, linking winning to savings. Program advocates describe it as a win-win for consumers as they set some money aside into savings, gain interest and earn chances to win. While there are many prize winners, even those who don't win a prize, walk away with the savings they set aside and any interest earned. Montana's Credit Unions lobbied extensively for the bill and the Governor has until May 9 to sign it.

In Tennessee, the amount that a credit union can pay out from a deceased member's account or safe deposit box will increase to \$15,000 from \$10,000 if Governor Haslam signs H. 150. The change would give credit



unions greater flexibility to assist the families of deceased members during difficult times.

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### **Letter Sent in Support of Reducing the Regulatory Burden**

On 4/4/17, CUNA and the Leagues [sent a letter](#) to Chairman Crapo (R-ID) and Ranking Member Brown (D-OH) of the Senate Committee on Banking, Housing and Urban Affairs. The letter is in response to the [Committee's hearing](#) on fostering economic growth, held at the end of March, where they requested proposals to spur the economy.

In the letter, CUNA and the Leagues outline a number of changes that should be made in order to reduce the one-size fits all overly burdensome regulations currently imposed on credit unions – which in turn would help grow the economy and stop impeding their ability to provide safe and affordable products and services.

### **Highlights Include**

- Further clarifying and enhancing the CFPB's [Exemption Authority](#);
- [Providing Parity](#) in the treatment of 1-4 Family Non-Owner Occupied Residential Loans;
- Eliminating the Statutory Member Business Lending Cap; and
- Modernizing the Credit Union Fields of Membership.

In addition to our suggested changes, which were selected in an effort to be directly responsive to the Committee's emphasis on economic growth, there are several more ways to reduce regulatory burden, and CUNA and the Leagues will continue to work with both the [House](#) and Senate to fight for a common-sense regulation agenda. This includes structural changes to the CFPB, modifications to harmful CFPB rules, among other priorities to reduce the regulatory burden on credit unions allowing them to more fully serve their members.

Learn more and get involved with the [Campaign for Common-Sense Regulation](#)!

*Source: CUNA Removing Barriers Blog*

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**CUNA Advocacy Update**

The [CUNA Advocacy Update](#) is published at the beginning of every week and 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. Additional Advocacy efforts may also be found under CUNA's [Removing Barriers](#) blog.

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### **New ComplySight Enhancements - Factor Grading Screen and Factor Grade Report!**

This [short video](#) will walk you through the recent enhancements to the Factor Grading Screen to provide a more intuitive and clear distinction between the current grade and a previous grade. We also walk through the Factor Grade Report which now allows users to filter by Area and/or Item, as well as showing Factors that are not yet graded. If you have any questions, please feel free to contact [info@complysight.com](mailto:info@complysight.com).

### **ComplySight Training is Available!**

Not sure how to get started, or want a refresher on how to use ComplySight? Or are you interested in seeing more of how ComplySight works? We are excited to make available recorded webinars to help you get the most out of ComplySight! We currently have seven training modules available! The ComplySight training webinars are available at any time, and registration is not required. [Click here to start training today!](#)

### **ComplySight: 30 Day Free Trial!**

If you're interested in a "trial run" of ComplySight, League InfoSight is offering a free, 30-day trial so you can see the benefits first-hand. It's easy to get started. [Just visit us online and click on Free Trial Offer.](#)