



Compliance eNewsletter

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InfoSight News

Keeping up With the Guidance!

In our August 7 newsletter, we told you about the August [FFIEC statement](#) setting forth prudent risk management and consumer protection principles for financial institutions to consider while working with borrowers as initial coronavirus-related loan accommodation periods come to an end and they consider additional accommodations. It outlined several points to consider:

- Prudent Risk Management Practices
- Well-Structured and Sustainable Accommodations
- Consumer Protection
- Accounting and Regulatory Reporting
- Internal Control Systems

Having a hard time staying on top of all of the guidance and changes being issued by the regulatory agencies? Make sure to check the **COVID-19 – Regulatory Relief Measures** topic on InfoSight to see a breakdown of rules and regulations by Credit Union operation.

Compliance and Advocacy News & Highlights

Remittance Transfer Providers Settle With CFPB

The Consumer Financial Protection Bureau has [announced](#) settlements with **Trans-Fast Remittance LLC** and **Sigue Corporation** and its subsidiaries, SGS Corporation and GroupEx Corporation. Trans-Fast is a former remittance transfer provider based in New York City, and was licensed in over 30 states. Sigue and its subsidiaries, which are all headquartered in Sylmar, California, provide consumers with international money-transfer services, including remittance-transfer services.

The Bureau found that Trans-Fast and Sigue and its subsidiaries violated the Electronic Fund Transfer Act (EFTA) and the Remittance Transfer Rule, which implements EFTA. The Bureau also found that Trans-Fast violated the Consumer Financial Protection Act of 2010's (CFPA) prohibition against deceptive acts or practices. The consent orders require the companies to pay civil money

penalties and impose requirements to prevent future violations. Sigue and its subsidiaries must also pay consumer redress.

Source: CFPB

Agencies Extend Comment Period on Proposed Revisions to Interagency Questions and Answers Regarding Flood Insurance

Five federal regulatory agencies [recently announced they will extend the comment period on a proposal](#) to revise the Interagency Questions and Answers Regarding Flood Insurance (Interagency Questions and Answers) until November 3, 2020.

The agencies are extending the comment period because of the extent of the revisions proposed by the agencies and in light of the challenges associated with the COVID-19 pandemic. The extension will allow interested parties additional time to analyze the issues and to prepare comments. The proposed Interagency Questions and Answers, which were issued in July 2020, provide information addressing technical flood insurance-related compliance issues. The previous deadline for comments was September 4, 2020.

Source: NCUA

CFPB Settles with Fifth Mortgage Company to Address Deceptive Loan Advertisements Sent to Servicemembers and Veterans

The Consumer Financial Protection Bureau (Bureau) [issued a consent order](#) against Hypotec, Inc., a mortgage broker based in Miami, Florida that is licensed in eight states. Hypotec offers and provides mortgage loans guaranteed by the United States Department of Veterans Affairs (VA). Hypotec advertises its VA-guaranteed loans to United States military servicemembers and veterans through direct-mail advertisements. The Bureau found that in advertising VA-guaranteed mortgages Hypotec sent consumers numerous mailers that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the Consumer Financial Protection Act's (CFPA) prohibition against deceptive acts and practices, the Mortgage Acts and Practices—Advertising Rule (MAP Rule), and Regulation Z. The consent order requires Hypotec to pay a civil money penalty and imposes requirements to prevent future violations.

Source: CFPB

FinCEN Reminder About SAR Confidentiality

This statement was recently issued by FinCEN: "The Financial Crimes Enforcement Network (FinCEN) is aware that various media outlets intend to publish a series of articles based on unlawfully disclosed Suspicious Activity Reports (SARs), as well as other sensitive government

documents, from several years ago. As FinCEN has stated previously, the unauthorized disclosure of SARs is a crime that can impact the national security of the United States, compromise law enforcement investigations, and threaten the safety and security of the institutions and individuals who file such reports. FinCEN has referred this matter to the U.S. Department of Justice and the U.S. Department of the Treasury's Office of Inspector General."

The following resources will provide reminders for the disclosure of SAR information:

- [FFIEC BSA-AML Examination Manual](#) ("Prohibition of SAR Disclosure")
- [SAR Confidentiality Reminder for Internal and External Counsel of Financial Institutions \(FIN-2012-A002\)](#)
- [Maintaining the Confidentiality of Suspicious Activity Reports \(FIN-2010-A014\)](#)

Source: FinCEN

FTC and State of Wisconsin Warn Hearing Aid Sellers About Deceptive Stimulus Payment Claims

In yet another example of fraud related to COVID-19 stimulus payments, the Federal Trade Commission has [announced](#) that the Commission and the State of Wisconsin have sent [warning letters](#) to a company that placed newspaper advertisements and social media posts suggesting it could provide government stimulus money to customers to purchase their hearing aids.

The letters highlight claims included in the ads and posts that implied consumers were eligible for such a benefit, including language such as "COVID-19 HEALTHCARE STIMULUS PROGRAM" and "Receive up to \$3000 through our HEALTHCARE STIMULUS PROGRAM. Must register by July 31." The ads and posts also included an image of the Great Seal of the United States next to a headline reading "FREE HEARING AIDS."

The letters warn the recipients to cease making all deceptive claims and instruct them to notify the FTC and State of Wisconsin within 48 hours about the specific actions they have taken to address the concerns raised in the letters.

Source: FTC

CFPB Issues 2019 HMDA Data Report

The Consumer Financial Protection Bureau (CFPB) issued a new Home Mortgage Disclosure Act (HMDA) [analysis of the 2019 HMDA Data](#). This data article is the second in a series and follows the [first article](#) published in June of this year.

HMDA data are the most comprehensive source of publicly available information on the U.S. mortgage market, and the only publicly-available and free source that provides nationwide application-level data on the demand and supply of mortgage credit.

Data are used to assist in determining whether financial institutions are serving the housing needs of their local communities; facilitate public entities' distribution of funds to local communities to attract private investment; and help identify possible discriminatory lending patterns.

Some of the findings in this year's data points article include:

- The top 25 open-end lenders accounted for about 573,000 open-end originations, or 53.6% of all open-end originations reported under HMDA.
- Conventional jumbo loans have the highest mean and median credit scores among closed-end mortgages, with a mean score of 765 and a median of 773. FHA borrowers have the lowest mean and median scores among closed-end mortgages, with a mean score of 668 and a median of 663.
- Among Black and Hispanic White homebuyers seeking conventional conforming loans, the median combined loan-to-value and debt-to-income ratios are higher than their Asian and non-Hispanic White counterparts.

Source: CFPB

Articles of Interest:

- [CUNA GAC Goes Virtual for 2021](#)
- [SEC Charges Herbalife With FCPA Violations](#)
- [CFPB Issues Report on Early Effects of COVID-19 Pandemic on Consumer Credit](#)

CUNA's Advocacy Resources:

- [This week in Washington](#)
- [CUNA Advocacy Issues - COVID-19](#)

WOCCU Advocacy Resources:

- [Telegraph](#)
- [Advocate Blog](#)

Compliance Calendar

- September 7th, 2020: Labor Day - Federal Holiday
- October 12th, 2020: Columbus Day - Federal Holiday
- October 25th, 2020: **5300 Call Report Due to NCUA**
- November 11th, 2020: Veterans Day - Federal Holiday
- November 19th, 2020: **Payday Lending, Vehicle Title, and Certain High-Cost Installment Loans (CFPB)**