



Compliance eNewsletter

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InfoSight News

Cybersecurity Awareness Month – NCUA Board Presentation

One of the agenda items at a recent meeting of the NCUA Board was a cybersecurity presentation, [Cybersecurity Considerations for the Board of Directors During COVID-19](#), for providing insight into what credit union boards of directors should be asking those responsible for the IT/cybersecurity function at their respective credit unions.

With more people working remotely (credit union staff and members) and increased usage and demand on mobile banking applications and platforms, this presents a ripe environment to exploit vulnerabilities within a credit union's IT/cybersecurity functions. As a result of the pandemic, there is increased potential for cyber-attacks involving phishing/Malspam; credential stuffing; ransomware; remote desktop protocol (RDP) targeting; and DDoS attacks. The presentation provided a review of the basic practices to help prevent or thwart the exploitation of remote work environments.

Additional information and resources can be found on [NCUA's cybersecurity resources page](#).

Compliance and Advocacy News & Highlights

CFPB Settles with 9th Mortgage Company to Address Deceptive Loan Advertisements Sent to Servicemembers And Veterans

The Consumer Financial Protection Bureau (Bureau) recently [issued a consent order against Low VA Rates LLC](#) (Low VA Rates) to address the Bureau's finding that Low VA Rates sent consumers mailers for mortgage loans guaranteed by the U.S. Department of Veterans Affairs (VA) that contained false, misleading, and inaccurate statements. Low VA Rates' conduct violated 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. Low VA Rates, a Utah-based mortgage lender and broker incorporated in Colorado and licensed in 48 states and DC, advertised their VA-guaranteed loans through direct-mail primarily to U.S. military servicemembers and veterans. The consent order requires Low VA Rates to pay a civil money penalty of \$1,800,000 to the Bureau and imposes requirements to prevent future violations.

The Bureau found that Low VA Rates' advertisements misrepresented the credit terms of the advertised mortgage loan by stating credit terms that the company was not actually prepared to offer to consumers, including misrepresenting the annual percentage rate applicable to the advertised mortgage. Low VA Rates misrepresented the existence, nature, or amount of cash or credit available to consumers, and used misleading rhetorical questions, in connection with advertised mortgages. Low VA Rates advertisements also failed to properly disclose, when required by Regulation Z, credit terms for the advertised mortgage, such as the amount of each payment and time period of payments associated with consumers' repayment obligations over the full term of the loan. Low VA Rates' advertisements also misleadingly indicated that its mortgage products could help consumers eliminate debt. Finally, the Bureau found that Low VA Rates made misleading comparisons involving actual or hypothetical loan terms in advertisements.

To prevent future violations, the consent order requires Low VA Rates to bolster its compliance functions by designating an advertising compliance official who must review its mortgage advertisements for compliance with mortgage advertising laws prior to use. The consent order also prohibits Low VA Rates from making misrepresentations like those identified by the Bureau through its investigation and requires Low VA Rates to comply with certain enhanced disclosure requirements.

Source: CFPB

WEBINAR: The COVID-19 Crisis and the Role of Community Finance in Recovery

[World Council of Credit Unions](#) and its [European Network of Credit Unions](#) (ENCU) joins the European Parliament Credit Union Interest Group (EPCUIG) to [invite you to a virtual roundtable](#):

**The COVID-19 Crisis and the Role of Community Finance in Economic Recovery.
Tuesday, November 10, 7:00 a.m. to 8:30 a.m. US Central Standard Time. (CST).**

The pandemic has had a number of far-reaching impacts on European businesses, economies and societies. The widespread disruption caused by lockdowns and continuous uncertainty has damaged businesses' profitability and led to a rise in unemployment and economic hardship for a significant share of European citizens. With the prospect of a large-scale economic recession looming large in Europe, the road to economic recovery is likely to be difficult.

In this context, the aim of our virtual roundtable will be to look at the economic and regulatory impact of the pandemic in the EU, and to examine the ways in which community finance and financial inclusion initiatives can aid the post-COVID-19 recovery.

The roundtable will feature panelists from:

- The European Commission
- The European Parliament
- The European Banking Authority
- Social Economy Europe
- Polish National Association of Cooperative Savings and Credit Unions (NACSCU)

- Irish League of Credit Unions (ILCU)

We sincerely hope to be able to welcome you to this webinar.

Source: WOCCU/ENCU

NACHA Changes Ahead

In May of 2020, the [National Automated Clearing House Association presented two rules](#), “Reversals and Enforcement.” The overarching purpose of these two Rules is to deter and prevent, to the extent possible, the improper use of reversals and the harm it can cause.

The two Rules will explicitly address improper uses of reversals and improve enforcement capabilities for egregious violations of the Rules.

The Reversals rule will become effective June 30, 2021 and the Enforcement rule will be effective January 1, 2021.

Source: NACHA

CFPB Settles with Bank Over Inaccurate HMDA Reporting

The [Consumer Financial Protection Bureau \(Bureau\) settled with Washington Federal Bank, N.A.](#), a federally insured national bank, to address the Bureau’s finding that it reported inaccurate Home Mortgage Disclosure Act (HMDA) data about its mortgage transactions for 2016 and 2017. Inaccurate HMDA data can make it difficult for the public and regulators to discover and stop discrimination in home mortgage lending or for public officials and lenders to tell whether a community’s credit needs are being met. The settlement requires Washington Federal to pay a \$200,000 civil money penalty and develop and implement an effective compliance-management system to prevent future violations.

The Bureau found that Washington Federal, headquartered in Seattle, Washington, violated HMDA, its implementing regulation, Regulation C, and the Consumer Financial Protection Act of 2010 (CFPA) by failing to report accurate data about its mortgage-loan applications to the Bureau. Washington Federal is currently subject to a 2013 consent order with the Bureau based on the Bureau’s previous findings that Washington Federal violated HMDA and Regulation C.

Washington Federal reported HMDA data for over 7,000 mortgage applications in each of 2016 and 2017. The Bureau found that these data included significant errors, with some samples having error rates as high as 40%. The Bureau found that the errors in Washington Federal’s 2016 HMDA data were caused by a lack of appropriate staff, insufficient staff training, and ineffective quality control, and that the errors in its 2017 HMDA data were directly related to weaknesses in Washington Federal’s compliance-management system. Weaknesses were specifically found in the areas of board and management oversight, monitoring, and policies and procedures. These significant errors in reported mortgage-application data violated Regulation C and HMDA. These violations also constituted violations of the CFPA.

Source: CFPB

Agencies Propose Lower Recordkeeping and Travel Rule Threshold

The Financial Crimes Enforcement Network (FinCEN) and the Federal Reserve Board have invited comment on a [proposed rule](#) that would amend the recordkeeping and travel rule regulations under the Bank Secrecy Act.

FinCEN and the Board, under their shared authority, [are proposing amendments](#) to the recordkeeping rule jointly, while [FinCEN is proposing amendments](#) to the travel rule. Under the current recordkeeping and travel rule regulations, financial institutions must collect, retain, and transmit certain information related to funds transfers and transmittals of funds over \$3,000. The proposed rule lowers the applicable threshold from \$3,000 to \$250 for international transactions. The threshold for domestic transactions remains unchanged at \$3,000.

The proposed rule further clarifies that those regulations apply to transactions above the applicable threshold involving convertible virtual currencies, as well as transactions involving digital assets with legal tender status, by clarifying the meaning of "money" as used in certain defined terms.

Comments on the proposal will be accepted for 30 days following publication in the Federal Register.

Source: FinCEN and FRB

CFPB Issues Advance Notice of Proposed Rulemaking

The Consumer Financial Protection Bureau (Bureau) recently issued [an advance notice of proposed rulemaking \(ANPR\)](#) requesting information related to consumer access to financial records. In issuing the ANPR, the Bureau is asking the public how it might most efficiently and effectively develop regulations to implement Section 1033 of the Dodd-Frank Act, which provides for consumer rights to access financial records.

Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides, among other things, that subject to rules prescribed by the Bureau of Consumer Financial Protection (Bureau), a consumer financial services provider must make available to a consumer information in the control or possession of the provider concerning the consumer financial product or service that the consumer obtained from the provider.

Source: CFPB

Articles of Interest

- [Judge Signs Off on Equifax's \\$7.75M Settlement with FIs in 2017 Data Breach](#)

- [Sen. Brown Blasts Kraninger's CFPB Reorganization](#)

CUNA's Advocacy Resources:

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

WOCCU Advocacy Resources:

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

Compliance Calendar

- November 11th, 2020: Veterans Day - Federal Holiday
- November 26th, 2020: Thanksgiving Day - Federal Holiday
- November 26th, 2020: **OFAC – Cuban Assets Control Regulations**
- December 25th, 2020: Christmas Day - Federal Holiday
- January 1st, 2021: **Annual Updates**