

# InfoSight Newsletter

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## League InfoSight Highlight: Credit Card Penalty Fees

On February 1, 2023 - the Consumer Financial Protection Bureau (CFPB) issued their proposal to amend Regulation Z regarding **Credit Card Penalty Fees**. The industry knew this was coming for a few different reasons; first, the CFPB didn't adjust their annual safe harbor thresholds with the other annual updates this year. Second (which is more like the elephant in the room), is the CFPB's recent (over the past few years) campaign related to **Junk Fees**.

The proposed rule would:

1. Adjust the safe harbor dollar amount for late fees to \$8 (reduction from \$30) and eliminate a higher safe harbor dollar amount for late fees for subsequent violations of the same type;
2. Eliminate the annual inflation adjustments to the amount of safe harbor late fees each year; and
3. Provide that late fee amounts must not exceed 25% of the required minimum periodic payment due.

While the proposal is specifically related to late fees at this time, the CFPB is also seeking comments on whether the proposed amendments should apply to other penalty fees (such as over-the-limit fees, returned payment fees, etc.) and eliminate the corresponding safe harbor provisions.

Comments are also being solicited on whether card issuers should be prohibited from imposing late fees on consumers that make their required payments within 15 calendar days following the due date.

**If these proposed changes were to become final and codified in federal regulation, how would that impact your credit union?** We have the opportunity now, before changes become final, to let the CFPB know the impact

on our credit unions. Reach out to your League/Association with your feedback or respond directly to the request for comment to the CFPB. It's critical to advocate and voice our perspective to impact change. **Don't wait too long, comments on this proposal or due on or before April 3, 2023.**

In addition to stressing the importance of advocacy, this article is also meant to be informative and to foreshadow additional rulemakings that are coming our way. It's hard enough to stay on top of "final" rules, let alone rules that are in the proposal phase. **League InfoSight** is here to help! So, make sure you customize the "Recently Updated" area of your InfoSight dashboard to receive notifications to topics important to you when they are finalized. Also, if you aren't signed up already, make sure you receive the **CU PolicyPro** Newsletter to stay on top of changes to policies!

Glory LeDu,  
*CEO of League InfoSight and CU Risk Intelligence*

## Celebrating Black History Month!

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This week we're highlighting the non-profit organization,  
**African American Credit Union Coalition (AACUC)!**  
The AACUC was created to increase the strength of the global credit union community. AACUC is a non-profit organization that represents a highly diverse group of professionals and volunteers in the credit union industry.

**Please click to learn more about this organization!**

**Stay Tuned:**



Connect with us on social media to keep up with the latest updates and information from League InfoSight!



## What's Trending on InfoSight?

**InfoSight** is known for providing up-to-date operational and compliance information to assist staff in all areas of the credit union. Here are the trending topics from the Accounts Channel for January 2023:

- **Trusts:** This topic is chock full of state-specific information about the various types of trust accounts and includes a list of definitions, a checklist, FAQs, and additional resources.
- **Minor Accounts:** Establishing savings accounts for minors presents some unique service delivery issues for credit unions. This topic presents various aspects of minor accounts including state-specific considerations.
- **Deceased Member Issues:** In the event of a member's death, a credit union must determine the proper disposition of the remaining funds in the member's account(s). In addition to summary information, this topic includes a checklist, FAQs, resources, and addresses state-specific considerations.

**News and Alerts!**

## **WOCCU: Cooperative Earthquake Relief Fund Launched!**

Worldwide Foundation for Credit Unions, in partnership with World Council of Credit Unions, Thursday launched its **Turkish Cooperative Earthquake Relief Fund** to solicit donations in support of Turkey's cooperative movement, which has suffered mass devastation from two February 6 earthquakes

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## **Appraisal Standards Must Include Federal Prohibitions Against Discrimination**

Homeownership is one of the best paths for building intergenerational wealth. For some homebuyers and owners, however, a home's valuation may be skewed by skin color or community demographics. Biased home appraisals can worsen racial inequities and distort the housing market.

CFPB leaders have submitted **a letter** urging TAF (The Appraisal Foundation), to include a statement of federal prohibition against discrimination under the Fair Housing act.

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## **New FTC Data Reveals Top Lies Told by Romance Scammers**

New data released today by the Federal Trade Commission sheds new light on the lies that romance scammers use to take advantage of people—lies that reports to the FTC show cost nearly 70,000 consumers \$1.3 billion in 2022.

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## **CFPB: One-Third Decline in Collections Items on Consumer Credit Reports**

The Consumer Financial Protection Bureau (CFPB) released a report examining trends in credit reporting of debt in collections from 2018 to 2022. The report found the total number of collections tradelines on credit reports declined by 33%, from 261 million tradelines in 2018 to 175 million tradelines in 2022.

“Our analysis of credit reports provides yet another indicator that, due to a strong labor market and emergency programs during the pandemic, household financial distress reduced over the last two years,” said CFPB Director Rohit Chopra. “However, false and inaccurate medical debt on credit reports continues to be a drag on household financial health.”

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