



## CU Policy Pro Newsletter February 2020

### Dear CU PolicyPro Client

In this newsletter, we wanted to spend time summarizing the [NCUA 2020 Supervisory Priorities](#), which were outlined in NCUA Letter 20-CU-01.

Specifically, we want to spend some time on the Consumer Financial Protection laws that will be a focus and the corresponding policy (or policies) that we have in CU PolicyPro to assist the credit union with compliance. Hopefully, this overview will help credit unions prepare for their next examiner visit.

Note: As you look to CU PolicyPro to review the referenced policies, be sure that you are not looking at an outdated version. For more on this, see the section on *Accessing Policies* below.

### Supervisory Priorities/Resources

Before we start diving into the Supervisory Priorities, we wanted to make sure credit unions knew that we have a YouTube channel ([Compliance Connection](#)) that includes free videos that summarize some hot topic compliance issues. We specifically created an NCUA Supervisory Priorities video that credit unions are also encouraged to watch and/or share with Management.

In addition to that resource, most credit unions also have access to the [InfoSight platform](#) through their League/Association as a benefit of membership and for no additional out-of-pocket expense. The InfoSight platform contains summaries of various state and federal laws and regulations that impact credit unions and include many of these NCUA priority topics!

Time to dive in! Here are the topics on which credit unions can expect to be reviewed by the examiners in 2020:

- **BSA/AML Compliance.** While this will probably always be an examination topic, the deeper dive into certain areas may change each year. In 2020, examiners will be focusing on the customer due diligence and beneficial owner requirements (effective May 2018). They will also continue to focus on proper and timely filing of SARs and CTRs. Credit unions can review model policy *2110: Bank Secrecy Act/Anti-Money Laundering Program* to assist with compliance.

## **Consumer Financial Protection**

- **Electronic Fund Transfer Act (Regulation E).** Examiners will be focusing on policies, procedures and initial disclosures related to Regulation E. They will also be reviewing error resolution procedures, when a member asserts an error. Credit unions have access to quite a few model policies that include provisions of Regulation E. However, specific to assistance with error resolution, the credit union can reference model policy *2600: Electronic Fund Transfers*.
- **Fair Credit Report Act (Regulation V).** For 2020, there will be focus on credit reporting policies and procedures. Examiners will also be reviewing the accuracy of reporting to credit bureaus, particularly the first date of delinquency. There are a few model policies that might be helpful for credit unions to comply with the FCRA requirements, including model policy *11002: Furnishing Information to Credit Reporting Agencies* and *11003: Accuracy and Integrity of Information Reported*.
- **Privacy (Regulation P).** The NCUA Letter indicates a focus on reviewing a credit union's protection of non-public information. This could mean a lot of different things for credit unions, but we think the NCUA will not only be focusing on the credit union's technical infrastructure (*4120: Information Security*), but also on how the credit union shares member information to conduct business and the corresponding ability (if any) for the member to opt out of sharing. Credit unions can look at model policy *1615: Privacy* for guidance.
- **Small dollar lending (PALs).** Examiners will also focus on compliance with PAL rules and interest rate caps. They will also be looking at credit union's programs that are outside of the NCUA PAL rules (if any), which would require compliance with the CFPB's requirements. Credit unions should review model policy *7218: Payday Alternative Loans*. The model policy highlights the requirements under the NCUA rules, which provides a safe harbor exemption from the CFPB's requirements.
- **Truth in Lending (Regulation Z).** Of particular focus under Regulation Z will be the credit union's practices with APRs and late fees. The NCUA will be looking at how payments are applied to principal, interest, fees and other charges. They will be looking to ensure that the credit union's practice is consistent with the disclosures. They will also be looking to ensure late fees are applied appropriately and that finance charges and APRs are disclosed accurately. While there are quite a few policies that touch on Regulation Z requirements, we think that credit unions should review model policies *7245: Truth-in-Lending for Closed-End Credit*, *7250: Truth-in-Lending Disclosures for Open-Ended Credit*, *7251: Regulation Z – Home Equity Plans* and *7330: Residential Real Estate Loans*.
- **Military Lending Act (MLA) and Servicemembers Civil Relief Act (SCRA).** The NCUA will also plan to review general compliance with these laws. Credit unions can find our model policy that addresses both of these laws within policy *7213: Military Personnel Loans*.

### **Additional NCUA Focus**

In addition to the above consumer financial protection laws, the credit union can also expect the topics below to be on the agenda for review in 2020. We have many policies that can also assist credit unions with these topics and are actively working to keep pace with the new requirements and changes, such as CECL and LIBOR. In order to ensure we have the best possible model policies available for our credit unions, we often consult external, industry experts. New or revised policies will be made available as soon as possible that apply to these topics:

- **Credit Risk**
- **Current Expected Credit Losses (CECL)**
- **Information Systems and Assurance (Cybersecurity)**
- **LIBOR Cessation Planning**
- **Liquidity Risk**



## Accessing Policies

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Depending on how a credit union uses CU PolicyPro, users may want to look in different areas of the system to access a policy.

CU PolicyPro includes the *Model Policies* area, which is up to date and has the most current and up to date model policy version available. Remember that the *Model Policies* have not been customized for your credit union's operations. Any model policy should be reviewed and customized (if needed) before adopting the policy.

CU PolicyPro also includes the *CU Policies* area, which is where credit unions can house, customize and maintain their own policies.

If your credit union **is not** currently maintaining its policies in the *CU Policies Manual*, we recommend accessing the policies from the *Model Policies* area, even if there are policies residing in the *CU Policies Manual* as those could be out of date.

If your credit union **is** maintaining its policies in the *CU Policies Manual*, we recommend looking in the *CU Policies Manual* as this will contain the version of the policy that has been customized for your own credit union's operations. However, it is important to be sure your own custom policy is up to date. If you're not sure, there are some [good tips in this FAQ](#) which explain how you can use the date fields in CU PolicyPro to help you determine which of your policies may need to be updated (Note: you must be logged into CU PolicyPro to access the FAQ link).

If you have any questions about reviewing the date fields, accessing policies, logging in, or questions about CU PolicyPro in general, please contact [policysupport@cusolutionsgroup.com](mailto:policysupport@cusolutionsgroup.com) for assistance.



## Questions?

If this information was forwarded to you, and you'd like to be on the distribution list to receive information and updates related to CU PolicyPro, or if you have any questions regarding the CU PolicyPro content, or questions on how to use the system, please contact [policysupport@cusolutionsgroup.com](mailto:policysupport@cusolutionsgroup.com).