

DECEMBER 2024 FREE COMPLIANCE NEWSLETTER

2024 FAIR LENDING INTERAGENCY WEBINAR

The joint regulatory agencies are hosting another free webinar on December 4th. There will be eight regulatory agencies represented, and they will be focusing on the following topics:

- DOJ's Combating Redlining Initiative
- Marketing and outreach in redlining
- REMAs and CRA Assessment Areas in redlining
- Redlining considerations for credit unions that serve geographically-defined areas
- Relationship between CRA and Fair Lending
- HUD's Conciliation Agreement with Rocket Mortgage
- Fair Lending, Fair Housing, and the Equitable Housing Finance Plan Rule
- HMDA non-reporting

To find out more, click [HERE](#). To directly register, and we highly recommend that you do, you can click [HERE](#). For those of you that have our Fair Lending Expert (FLE) certification, you will get continuing education credit. Just submit it as usual after the webinar.

CFPB ORDERS VYSTAR CREDIT UNION TO PAY \$1.5 MILLION FOR ILLEGALLY STRANDING CONSUMERS FROM ACCESSING THEIR MONEY AND ACCOUNTS

The CFPB assessed a \$1.5 million civil money penalty against VyStar Credit Union for harming customers with the rollout of their new online banking platform. This appears to be a case of poor planning, monitoring, and third-party risk all in one. The online banking platform was highly dysfunctional, making it difficult for customers to perform the most basic tasks for weeks like simply accessing their money. Some features were down for over six months. Make sure you always do your due diligence and know you are working with a trusted third-party or FinTech. The complaint alleges that the credit union rushed out a new platform without appropriate testing. To learn more about this case, you can click [HERE](#).

THIRD ISSUE 2024 OF CONSUMER COMPLIANCE OUTLOOK IS NOW AVAILABLE

If you are like us, you like free resources to learn more about your job. For those of you unaware, the Federal Reserve does quarterly newsletters on many compliance issues, and they are free for all of us to enjoy. To find the latest issue, you can click [HERE](#). There is also a way to sign up at the bottom of that page to get the notifications yourself.



PART OF YOUR COMPLIANCE TEAM

FEMA ISSUES A FINAL RULE REGARDING NATIONAL FLOOD INSURANCE PROGRAM INSTALLMENT PAYMENT PLAN

This rule goes into effect on 12/31/2024 and will allow customers the option of paying their annual flood insurance premiums in monthly installments as opposed to a lump sum. There are more details behind the rule and some requirements. You can learn more and find the final rule in the federal register [HERE](#).

There was a nice little write up in the ABA Banking Journal. Here's the ABA's take on it.

Overall, the final rule removes the requirement that flood insurance applicants pay their full policy premium at the time of application and allows monthly installments; provides that FEMA will not issue or renew flood insurance unless the full premium is paid — either through a full annual payment or the first installment of a monthly payment plan, including any associated fees, surcharges or assessments; provides that if a claim is filed before a policyholder has completed all installment payments, the remaining premium balance must be paid before processing the claim; and requires any policyholder who fails to make all required installment payments to pay the entire premium in the next policy term.

FEMA also created a FAQ page that you can find [HERE](#).

A few extra items of note that if you require escrow for flood, the new monthly payment option is not required. If you go this route, you will have to do some monitoring to make sure premiums are paid. Just like annual payments, the insurance will not be in effect if premiums are not paid.

As always, our friends over at Bankers Compliance Consulting are always on top of changes like this. They did a short write up and video if you don't want to read the full final rule. You can check out their thoughts [HERE](#).

CURRENT SERVICEMEMBERS CIVIL RELIEF ACT NOTICE IS EXPIRING

You are required to provide customers an SCRA notice when sending the late payment notices on their mortgage payments. This has been standard practice for everyone for years, and most lenders simply send the most recent SCRA notice. However, that notice expires periodically, and actually expired on 11/30/2024. You can find the expired notice [HERE](#) if you're not sure what we are referring to. We don't know when the new notice will be updated. Sometimes they have gone months with an expired notice. We recommend simply doing a Google search for the form number, and it will take you right to HUD's website, who is in charge of the notice. The form number is Form HUD-92070. It's best to continue using the old notice until a new one is available. FYI, they usually never change the notice, only update the expiration date.



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CFPB ORDERS NAVY FEDERAL CREDIT UNION TO PAY MORE THAN \$95 MILLION FOR ILLEGAL SURPRISE OVERDRAFT FEES

The CFPB filed a complaint against Navy Federal claiming they charged customers surprise overdraft fees on certain ATM withdrawals and debit card purchases, even when their accounts showed sufficient funds at the time of the transactions. This is the largest amount the CFPB has ever obtained from a credit union for illegal activity.

Members were illegally charged overdraft fees in two ways. First, when they made purchases with their accounts showing enough money to cover the transaction, the credit union still charged them overdraft fees if the account had a negative balance once the purchase posted to the account, sometimes days later. Navy Federal collected an average of \$44 million a year in these surprise fees. As early as 2015, federal regulators, including the CFPB and the Federal Reserve, began cautioning financial institutions against charging these surprise overdraft fees.

Second, when customers received money through payment services like Zelle, PayPal, and Cash App, Navy Federal's systems showed the money as immediately available to spend. However, the credit union failed to disclose that payments received after 10:00 am Eastern (and later, after 8:00 pm Eastern) wouldn't actually post until the next business day. Some customers who tried to use this money were then charged overdraft fees. Through this practice, Navy Federal collected at least \$4 million in fees.