

## InfoSight Highlight

### Checklists

Did you know that InfoSight has a "Checklists" channel?

There are over 70 checklists that could assist your credit union with compliance for various rules and regulations. Some of the checklists cover; advertising, director responsibility, electronic signatures, internal controls and fraud prevention, and trusts.

Click on the hyper-link above to see a complete list.

## Compliance News

### [NCUA Letter to CUs 19-CU-02: Guidance to NCUA Staff on Evaluating Secondary Capital Plans](#)

The NCUA issued to field staff a supervisory letter regarding the authority of low-income-designated credit unions (LICUs) to offer secondary capital accounts. The supervisory letter updates the framework the NCUA uses to analyze and approve or deny secondary capital plans. Many LICUs have a record of prudently using secondary capital to increase regulatory capital levels to protect against future losses and serve as a foundation for strategic initiatives and growth. Secondary capital accounts have served as a valuable resource to some LICUs, enabling them to provide much-needed lending and other member services to underserved communities.

### [NCUA: Final Opportunity to Qualify for Streamlined CDFI Application in 2019 Ends October 5](#)

Federally insured, low-income credit unions that want to become certified Community Development Financial Institutions have until October 5 to apply to use the National Credit Union Administration's qualification process for streamlined CDFI certification. This will be the final opportunity to take advantage of the streamlined certification process in 2019.

### [NCUA Awards \\$1.9 Million in Grants to 155 Low-Income Credit Unions](#)

The NCUA has awarded [\\$1.9 million in grants](#) to help 155 low-income credit unions (including \$99,000 to five CUs in Hawaii) increase outreach to underserved communities, improve digital services and security, and train employees. The NCUA awarded grants ranging from \$1,900 to \$100,000 to credit unions in 40 states and the District of Columbia.

### [DOL: Plan Now for New Salary Threshold](#)

The U.S. Department of Labor (DOL) is expected to set a new salary threshold soon for the white-collar exemptions to overtime pay under the Fair Labor Standards Act (FLSA), but, employers should start planning for changes now.

The DOL might not give employers more than three or four months between the announcement of the final rule and its effective date to comply. However, many employers took steps to prepare back in 2016 when the previous administration introduced this change. The 2016 rule would have raised the salary threshold for white-collar exemptions to overtime pay from the current \$23,660 to about \$47,500, whereas the new proposal, if finalized, would set a \$35,308 (just under \$17 per hour) cutoff.

Though the exact figure of the new threshold and its effective date are still under wraps, employers should evaluate their 2020 pay structure for any exempt-classified employees earning less than the proposed threshold. You may want to review salaries that are now slightly higher in case the final threshold is adjusted up from the proposed rule. To be conservative, employers may also want to review data for exempt workers earning \$37,000 or less.

Employers should weigh the cost of raising employee salaries above the new threshold against the cost of reclassifying employees as nonexempt and paying overtime. Meeting the salary cutoff is just one requirement for classifying workers as exempt. Employers should also take the

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## Compliance Calendar

**September 20**  
[ACH Providing Faster Funds Availability](#)

**September 30**  
[\\*Claim for Exemption: Real Property Assessment City & County of Honolulu](#)  
[\\*Claim for Exemption: Real Property Assessment - County of Kauai](#)

**October 27**  
[NCUA Call Report for September 30, 2019 Cycle Due](#)

**October 31**  
[\\*Form UC-B6, "Quarterly Wage Contribution & Employment & Training Assessment Report"](#)  
[\\*Form 941, Employer's Quarterly Federal Tax Return](#)

**November 24**  
[SAFE Act. – MLO Registration](#)

**November 30**  
[New Employee Forms W-4 & HW-4](#)

**December 31**  
[\\*Claim for Exemption: Real Property Assessment - County of Hawaii](#)  
[\\*Claim for Exemption: Real Property Assessment - County of Maui](#)

## Compliance Training

**September 24**  
[Mitigating a Data Breach: Forensics & Incident Response \(Webinar\)](#)

**September 25**  
[Hiring in the Digital Age: What Every HR Manager Needs to Know About Social Media \(Webinar\)](#)

**September 26**

time to review workers' job duties to ensure they satisfy the applicable exemption's criteria.

The FLSA's so-called white-collar exemptions, the executive, administrative, and professional exemptions, each have slightly different duties tests:

- Executive exemption. The employee's primary duty must be [managing the enterprise or a department or subdivision of the enterprise](#). The employee must customarily and regularly direct the work of at least two employees and have the authority to hire or fire workers (or the employee's suggestions and recommendations as to hiring, firing, or changing the status of other employees must be given particular weight).
- Administrative exemption. The employee's primary duty must be office or nonmanual work that is directly related to the management or general business operations of the employer or the employer's customers. The employee's primary duty also must [include the exercise of discretion and independent judgment](#) with respect to matters of significance.
- Professional exemption. The employee's primary duty must be [work requiring advanced knowledge](#) in a field of science or learning that is customarily acquired by prolonged, specialized, intellectual instruction and study.

Although the [proposed changes to the overtime rule](#) are all about salary, the upcoming changes provide a good opportunity for employers to look at the job duties for their lowest exempt pay bands and make sure they actually qualify; it's a great time to correct errors on the job-duties side.

#### **[CMG RISK Alert: Counterfeit Checks](#)**

Counterfeit cashier's checks and/or corporate checks that closely resemble credit union authentic checks have been presented for payment at financial institutions in connection with scams. Slight alterations in check color, check stock, logo, or location of key credit union check branding elements have been reported. In many cases, Routing & Transit Number (RTN) and MICR information is accurate.

#### **[CMG RISK Alert: Large Fraud Losses Involving Peer-to-Peer Payments Reported](#)**

Credit unions offering out-of-band authentication leveraging one-time-passcodes (OTPs) for online banking logins are being targeted by fraudsters. Their members are being scammed into providing fraudsters with their debit card details, online banking login credentials, as well as OTPs transmitted for online banking logins. In some cases, fraudsters impersonate members to request a change in member mobile phone numbers used to transmit the OTPs. Once logged into the account, fraudsters use Peer-to-Peer (P2P) payments service to transfer funds out of member accounts.

#### **[US-CERT:](#)**

- [VMware Releases Security Updates for Multiple Products](#): VMware released security updates to address vulnerabilities in ESXi and vCenter. The Cybersecurity and Infrastructure Security Agency (CISA) encourages users and administrators to review VMware Security Advisory [VMSA-2019-0013](#) and apply the necessary updates and workarounds.
- [2019 CWE Top 25 Most Dangerous Software Errors](#): MITRE released the 2019 Common Weakness Enumeration (CWE) Top 25 Most Dangerous Software Errors list. The Top 25 is a compilation of the most frequent and critical errors that can lead to serious vulnerabilities in software. An attacker can often exploit these vulnerabilities to take control of an affected system, obtain sensitive information, or cause a denial-of-service condition.

#### **Advocacy Highlight**

##### **[The Nussle Report](#)**

The Nussle Report delivers CUNA's insights on key events and policy developments affecting credit unions. This report also provides a valuable window into CUNA's actions on behalf of

[What Directors Should Know About CECL, ALLL & the New Credit Impairment Standards \(Webinar\)](#)

**October 2**  
[New BSA Officer Training Part 1: Compliance, Risk Assessment, CTRs, Exemptions, Forms & Regulator Expectations \(Webinar\)](#)

**October 8**  
[Head Teller Training: Maximizing Teller Performance \(Webinar\)](#)

**October 9**  
[When a Depositor Dies: Legal Requirements, Practical Issues & FAQs \(Webinar\)](#)

**October 15**  
[Mortgage Lending Hot Spots Series: Demystifying Rules for TRID Tolerances \(Webinar\)](#)

**October 16**  
[Regulation E Series: Reg E Requirements for Debit Card Error Resolution: Processing, Disclosure & Investigation \(Webinar\)](#)

**October 17**  
[POD Account Documentation, Compliance, Beneficiaries & Closing \(Webinar\)](#)

**October 22**  
[Commercial Loan Annual Credit Review \(Webinar\)](#)

**October 23**  
[Medallion & Signature Guarantee Risks, Rules & Best Practices \(Webinar\)](#)

**October 24**  
[12 Key Elements of an Effective Digital Marketing Strategy \(Webinar\)](#)

**October 26**  
[\\*Crime & Your Credit Union Workshop, Baldwin High School, Maui](#)  
[\\*Stay Engaged & Strengthen Teams Workshop, Gather FCU, Kauai](#)

**October 29**  
[Personal Accounts: Ownership, Authorization, Titling & Documentation \(Webinar\)](#)

**October 30**  
[1099 Reporting: Foreclosures, Repossessions & Debt Settlements \(Webinar\)](#)

member credit unions and reinforces the value of CUNA membership. Topics for this week include:

- CUNA Board clearly and prominently establishes DEI as a cooperative principle of America's Credit Unions
- Credit union folks head to Washington
- CUNA letters address credit union concerns
- [CFPB issues new policies](#)
- [The next generation of credit union advocates](#)
- [Learn to defend against a cyber attack](#)

#### **CUNA Advocacy Update**

The CUNA Advocacy Update keeps you on top of the most important changes in Washington for credit union's and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. Issues this week included:

- [Comments sent to FASB in support of proposed CECL delay](#)
- [Passing H.R. 1661 would allow credit unions to serve more student borrowers](#)
- [Credit union housing finance reform priorities outlined prior to Senate Banking Committee hearing](#)
- Comments filed with the CFPB on GSE Patch
- [CFPB hosts Behavioral Economics Symposium on September 19](#)

#### **Pending Regulatory Comment Calls**

The League encourages credit unions to use [PowerComment](#) to file comment letters with regulators on the items below. For more information regarding these proposals, please follow the links below:

- [Second Chance IRPS due to NCUA by September 27](#)
- [Disparate Impact Rule due to HUD by October 10](#)
- [Home Mortgage Disclosure Act \(Reg C\) Data Points & Coverage due to the CFPB by October 15](#)
- [Home Mortgage Disclosure \(Reg C\) reporting thresholds due to CFPB by October 15](#)
- [Federal Reserve actions to support Interbank settlement of faster payments due to FED by November 7](#)
- [Truth in Lending \(Reg Z\) Annual Threshold Adjustments due to CFPB by January 1, 2020](#)

If you have any questions or comments concerning this newsletter, please contact Dorie Fitchett, Regulatory Officer at [dorie.fitchett@hcul.org](mailto:dorie.fitchett@hcul.org), or directly @ 203.6412, or for neighbor islands toll-free @ 1.888.331.5646 ext. 412.

**October 31**  
[New BSA Officer Training Part 2: Reviews, SARs, CDD, Technical Aspects & Real-Life Scenarios \(Webinar\)](#)

#### **Compliance Video**

#### **Compliance Outlook - 2nd and 3rd Quarters of 2019**

This presentation provides an overview of regulatory changes that may be impacting the credit union, effective in the 2nd and 3rd quarter of 2019.

Just a reminder that Compliance videos since 2014 can be found on YouTube at the [Compliance Connection channel](#), where they are generally updated quarterly.