![InfoSight Newsletter logo]

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Highlights

It's June which means it is officially Pride Month! League InfoSight is proud to support the LGBTQ+ members of the credit union industry and the community 365 days a year!

Compliance and Advocacy News & Highlights

CFPB Acts to Protect the Public from Black-Box Credit Models Using Complex Algorithms

The CFPB recently announced its issuance of Consumer Financial Protection Circular 2022-03, *"Adverse action notification requirements in connection with credit decisions based on complex algorithms."* The circular confirms that federal anti-discrimination law —the Equal Credit Opportunity Act (ECOA) — requires companies to explain to applicants the specific reasons for denying an application for credit or taking other adverse actions, even if the creditor is relying on credit models using complex algorithms.

ECOA protects individuals and businesses against discrimination when seeking, applying for, and using credit. To help ensure a creditor does not discriminate, ECOA requires that a creditor provide a notice when it takes an adverse action against an applicant, which must contain the specific and accurate reasons for that adverse action (or a disclosure of the applicant's right to a statement of those specific reasons). Creditors cannot lawfully use technologies in their decision-making processes if using them means that they are unable to provide these required explanations. Creditors cannot justify noncompliance with ECOA based on the mere fact that the technology they use to evaluate credit applications is too complicated, too opaque in its decision-making, or too new.

Source: CFPB

FHFA Requires New Public Disclosures by Enterprises

The Federal Housing Finance Agency recently published a final rule that amends the Enterprise Regulatory Capital Framework (ERCF) by introducing new public disclosure requirements for Fannie Mae and Freddie Mac (the Enterprises). The requirements include quarterly quantitative and annual qualitative disclosures related to risk management, corporate governance, capital structure, and capital requirements and buffers under the standardized approach.

The rule becomes effective 60 days after publication in the *Federal Register*. The Enterprises will publish their first public disclosure reports under the final rule in the first quarter of 2023.

Source: FHFA

MLA System Release Due June 30

According to a notice on the Department of Defense's Military Lending Act website, its next planned system release (version 5.13) is scheduled for June 30, 2022. Users will see the following changes:

- Last Login Date added at the bottom of the web page
- Removal of reCAPTCHA challenges
- A title will be added to account creation pages for easier navigation

- DUNS numbers can be added with or without dashes
- Security enhancements and bug fixes

Source: DOD/MLA

CFPB: Credit Card Payment Data Suppression May Harm Consumers

The CFPB has posted a blog article, *"CFPB tells credit card CEOs: Practice of suppressing payment data has potential for consumer harm."* Bureau research indicates that only about half of the largest credit card companies contribute data to credit reporting companies about the exact monthly payment amounts made by borrowers. It also showed that over a short period of time, several of the largest credit card companies began to suppress actual payment amount information that they had previously provided or furnished on consumers.

Recently, the Bureau sent letters to the CEOs of the country's biggest credit card companies—JP Morgan Chase, Citibank, Bank of America, Capital One, Discover, and American Express—asking them to explain this practice, which has the potential to impact consumers and their ability to access credit at the most competitive rates.

Source: CFPB

U.S. House Prices Continue Upward Climb

The Federal Housing Finance Agency has released its House Price Index Report for the first quarter of 2022.

House prices rose 18.7 percent from the first quarter of 2021 to the first quarter of 2022. Prices were up 4.6 percent compared to the fourth quarter of 2021. FHFA's seasonally adjusted monthly index for March was up 1.5 percent from February. Nationally, the U.S. housing market has experienced positive annual appreciation each quarter since the start of 2012.

House prices rose in all 50 states and the District of Columbia between the first quarters of 2021 and 2022. The five areas with the highest annual appreciation were: 1) Florida 29.8 percent; 2) Arizona 27.5 percent; 3) Utah 26.8 percent; 4) Tennessee 25.8 percent; and 5) Idaho 25.5 percent. The areas showing the lowest annual appreciation were: 1) District of Columbia 6.6 percent; 2) North Dakota 10.4 percent; 3) Alaska 10.5 percent; 4) Louisiana 12.3 percent; and 5) Iowa 12.5 percent.

Source: FHFA

Articles of Interest:

- *FTC Says Credit Repair Company Sold Sham Services and A Pyramid Scheme*
- *Scammers Are Offering Student Loan (Un)Forgiveness*
- *IRS Updates Feature on Where's My Refund?*

- *NASCUS Offers Cannabis Banking Symposium June 14-15*

CUNA's Advocacy Resources:

- *Happenings in Washington (Removing Barriers Blog)*

WOCCU (World Council of Credit Unions Advocacy) Advocacy Resources:

- *Telegraph – Current advocacy news world-wide.*
- *Advocate Blog – Check out recent updates!*

Compliance Calendar

- *June 20th, 2022:* **Juneteenth National Independence Day - Federal Holiday (observed)**
- *July 4th, 2022:* **Independence Day - Federal Holiday**
- *September 5th, 2022:* **Labor Day - Federal Holiday**
- *September 16th, 2022:* **NACHA – Micro-Entry Rule – Phase I**
- *October 1st, 2022:* **CFPB – General Qualified Mortgage Loan Amendments**