InfoSight Newsletter

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Highlights

Overwhelming compliance information and regulations got you fumbling? InfoSight is a tool that makes compliance easier to understand and provides summaries and resources to help keep your credit union compliant and up to date! And it's no "trick-play"-InfoSight really is a *FREE* member benefit for Affiliated Credit Unions! To learn how we can help your team, [Visit InfoSight today]!

Compliance and Advocacy News & Highlights

Mortgage Borrowers Can Challenge Inaccurate Appraisals Through the Reconsideration of Value Process

Accurate appraisals are essential to the integrity of mortgage lending. Overvaluation can decrease affordability, make it harder to sell a home or refinance, and increase the risk of foreclosure. Undervaluation can prevent a homeowner from accessing accumulated equity, whether through sale or a home equity loan. Both over- and under-valuation keep individuals, families, and neighborhoods from building wealth through homeownership.

Homebuyers and homeowners can ask for a lender to reconsider a home valuation the consumer believes to be inaccurate. This process is often referred to as a "reconsideration of value" or "ROV." Borrowers can point out, for example, factual or other errors or omissions, inadequate comparable properties, or provide evidence that the appraisal was influenced by prohibited bias.

Responsible lenders focused on serving their customers typically will provide borrowers with clear, actionable information about how to raise concerns about the accuracy of an appraisal. A lender's reconsideration of value process must ensure that all borrowers have an opportunity to explain why they believe that a valuation is inaccurate and the benefit of a reconsideration to determine whether an adjustment is appropriate. While an individual lender's reconsideration of valuation process may vary, lenders must make sure that their reconsideration of value process is nondiscriminatory and available and accessible to all.

To read the full article, check out CFPB.

Source: CFPB

AFP Survey Finds Businesses 'Actively Shifting' to ACH and Other Electronic B2B Payments

There's new evidence that businesses are rapidly abandoning checks in favor of ACH and other electronic payments.

The 2022 Association for Financial Professionals (AFP) Digital Payments Survey, released Oct. 4, found that just 33% of business-to-business (B2B) payments in the United States and Canada are made by check. Barely a decade ago, in 2013, the figure was 50%, while as far back as 2004 it was 81%.

"This year's survey results suggest companies in the U.S. are actively shifting their payment methods from checks to digital alternatives. This shift is likely due to the continuous trend of organizations moving away from paper to digital formats," AFP wrote. It also noted that pandemic-related office closures "provided the necessary tailwinds that pushed the use of digital payment formats to unseen levels."

AFP's findings are consistent with Nacha's ACH Network statistics, which showed a 20.4% increase in B2B payments volume in 2021. Through the first half of 2022, B2B volume on the ACH Network was 2.9 billion payments, up 16% from the first half of 2021.

The trend is highly unlikely to reverse.

"Over 40% of survey respondents indicate it is very likely that their organizations will convert the majority of B2B payments to their suppliers to digital methods in the next three years. Another 27% of respondents report that it is somewhat likely that their companies would move the majority of their payments to major suppliers to digital vehicles over the next three years, an increase from the 22% in 2019," the survey found.

To read more, visit NACHA here.

Source: NACHA

Updates Made to NCUA's Simplified CECL Tool

Last week, NCUA made updates to their recently launched CECL tool.

The Simplified CECL Tool provides a methodology for credit unions to determine the Allowance for Credit Losses (ACL) on loans and leases for their loan portfolio. On the Call Report, the ACL is reported on Line 17, Page 2, and is labeled: Allowance for Credit Losses on Loans and Leases (AS0048).

The Simplified CECL Tool was developed primarily for credit unions with less than $100 million in assets. The Weighted Average Remaining Maturity (WARM) methodology for calculating the ACL was chosen by the NCUA because the Financial Accounting Standards Board deemed it appropriate to estimate a credit loss allowance for less complex financial asset pools.

This tool relies on portfolio-level WARM proxy data to estimate current expected credit losses. For the WARM assumptions to remain applicable in an ever-changing environment, the Simplified CECL Tool will be updated quarterly.

Use of the Simplified CECL Tool and the underlying methodology may or may not be appropriate for any particular credit union. Each credit union's management is responsible for determining whether this approach is appropriate given their institution's unique facts and circumstances.

For more information on the recent updates and to check out the CECL tool, visit NCUA.

Source: NCUA

Articles of Interest:

- *NCUA Prepares for Upcoming Board Meeting on 10/20/2022*
- *NMLS Renewal Season Approaches*

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

- *November 11th, 2022: Veterans Day - Federal Holiday*
- *November 24th, 2022: Thanksgiving Day - Federal Holiday*
- *December 26th, 2022: Christmas Day - Federal Holiday (observed)*
- *January 1st, 2023:* ***Annual Updates***
- *January 1st, 2023:* ***Current Expected Credit Losses (FASB/NCUA)***