NCUA Advertising Regulations

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Overview and Agenda

• Advertising Rules and Regulations
  • CFPB, NCUA, FTC, FCC

• Advertising Avenues
  • Website, Email, TV, Radio, Print

• Products
  • Examples
  • Loans, Savings, Safe Deposit Boxes, Night Drop, Promotions & Drawings

• Checklist
• Best Practices/Key Takeaways
Regulations

- CFPB
  - UDAAP
- Regulation Z
  - Truth in Lending
- National Credit Union Administration
  - §701.31 – Fair Housing Rules and Equal Credit Opportunity
  - §740 – NCUA Official Advertising Sign/Statement
  - §707– Truth in Savings
  - FTC
NCUA

• Primary areas of Supervisory and Examination focus by NCUA in 2017/2018
  • Cybersecurity Risk
  • Bank Secrecy Act Compliance
  • Internal Controls and Fraud Prevention
  • Interest Rate and Liquidity Risk
  • Commercial Lending
  • Consumer Compliance
    • Military Lending Act
    • SCRA
CFPB

• UDAAP
Regulation Z – Truth in Lending

• An "advertisement" under Truth in Lending - Regulation Z is any commercial message that promotes consumer credit

• "Advertisements" may appear:
  • In newspapers, magazines, leaflets, flyers, catalogs, direct mail literature, or other printed material
  • On radio, television, or a public address system
  • On an inside or outside sign or display, or a window display
  • In point-of-sale literature, price tags, signs, and billboards
Regulation Z – Truth in Lending

- Clear and Conspicuous Requirement
  - No font size requirement
  - Legible and easily understood
- Actual Availability of Terms
  - Never advertise credit terms not available
  - If conditions exist, state in the advertisement
Regulation Z – Truth in Lending

• Annual Percentage Rate (APR)
  • Yes, use of either is acceptable
• Trigger Terms
  • Additional disclosures are mentioned in ad
• “Unsecured” and “Signature”
  • Avoid use of these terms
• Alternative Disclosure Rule for TV/Radio Ads
  • State APR and include toll free number
• Special Disclosure Rule for Website Ads
  • Fall under same rules as catalogs and multi-pages ad
NCUA
§701.31 & Equal Credit Opportunity

• When advertising loans for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling, the advertisement must prominently indicate in a manner appropriate to the advertising medium and format that the Credit Union makes such loans without regard to race, religion, or other discriminatory factors.
NCUA
§701.31 & Equal Credit Opportunity

- The Credit Union must:
  - Include the Equal Housing logo and slogan in all written and visual advertisements
  - Include a statement in oral advertisements that the Credit Union is an “Equal Housing Lender”
  - Use either of the two methods described above when an oral advertisement is used in conjunction with a written one
  - Not include in any advertisement words, symbols, models, or other forms of communication that express, imply, or suggest a discriminatory preference or policy of exclusion
NCUA Fair Lending

• Prohibition against credit discrimination based on:
  • Race
  • Color
  • Religion
  • National Origin
  • Sex
  • Marital Status
  • Age
  • Income
  • Derived from Public Assistance
  • Exercise of Rights Under Consumer Credit Protection Act
NCUA Fair Lending

- No advertisement that indicates discrimination on any prohibited basis
- No advertisement that suggests a preference or exclusion on a prohibited basis
- Written/visual advertisement requires Equal Housing Lender/Equal Housing Opportunity logotype
- Oral advertisement requires Equal Housing Lender/Equal Housing Opportunity statement
- Lobby notice clearly visible to public required in each location where loans are made
NCUA Fair Lending

- Fair Lending – Other Laws
  - Servicemember’s Civil Relief Act
  - Unfair Deceptive Acts or Practices
  - Fair Debt Collection Practices Act
  - Fair Credit Reporting Act
Equal Housing Slogan and Logo
Fair Housing Poster

• Must display the Fair Housing Poster
  • Public Lobby
  • Areas/Offices where loans are made
• Websites that accept loan applications online may be considered a “lobby” for Fair Housing compliance purposes
FTC “4 P’S”

• Is the statement *Prominent* enough for a consumer to notice?

• Is the information *Presented* in an easy to understand format that does not contradict other information in the package or at a time when the consumer’s attention is not elsewhere?

• Is the *Placement* of the information and the location where the consumer can be expected to look or hear?

• Is the information in close *Proximity* to the claim it qualifies?
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Share Insurance Advertising

- Share Insurance Brochure
- Lobby
NCUA
§740 – Advertising Sign/Statement

• A federally insured Credit Union must display the NCUA advertising sign:
  • At all teller stations and offices that accept deposits
  • On the homepage of websites
  • On all advertisements for share accounts
  • On the first page of posted financial statements
  • On the first page of Annual Reports
NCUA
§740 – Advertising Sign/Statement

Your savings federally insured to at least $250,000
and backed by the full faith and credit of the United States Government

NCUA
National Credit Union Administration, a U.S. Government Agency
NCUA
§740 – Advertising Sign/Statement

• Three Options…”This Credit Union is federally insured by the National Credit Union Administration.”
• Short Title. “Federally Insured by NCUA.”
• Use of the Official NCUA Share Insurance Logo.
• The Question – When?
NCUA
§740 – Advertising Sign/Statement

• Advertisement as defined by NCUA
  • Advertisement according to NCUA means a commercial message, in any medium, that is designed to attract public attention or patronage to a product or business.
NCUA
§740 – Advertising Sign/Statement

• Font Size
  • For advertising purposes, the text in the NCUA logo or the “federally insured by NCUA text” must be in a size and print that is clearly legible and may be no smaller than the smallest font size used in other portions of the advertisement
NCUA
§740 – Advertising Sign/Statement

• Downloadable Data, Images, and Software for Signage
  • Check NCUA website
NCUA
§740 – Advertising Sign/Statement

• The official sign must be posted at each teller station.

• Any exceptions?
  • Credit Union supplies such as stationery, envelopes, deposit slips, checks, drafts, signature cards, passbooks.
  • Plates in the Credit Union office are attached to the building where the offices are located
  • Listings and Directories
SHARE INSURANCE SIGNS AND DOWNLOADABLE GRAPHICS – BY NCUA

• NCUA has some downloadable Share Insurance graphics

• NCUA has an online order form for Share Insurance Funds signs
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§740 – Advertising Sign/Statement

Exceptions (continued)

- Advertisements that do not include the name of the Credit Union
- Video advertisements that do not exceed 15 seconds in length
- Television advertisements other than display advertisements that do not exceed 15 seconds in length
- Advertisements of the type or character making it impractical to include the official advertising statement including such items as calendars, matchbooks, pens, pencils, key chains, and golf balls
NCUA
§740 – Advertising Sign/Statement

• Advertisements when the internet/webpage of the Credit Union is an ad
Checklist

WHAT IS IN YOUR LOBBY?

- Customer/Member Identification Program Notice
- NCUA Official Sign
- NCUA Official Advertising Statement
- Lender/Equal Housing Opportunity Provider Poster
- Nondiscrimination in Advertising
- Home Mortgage Disclosure Act Notice
- Funds Availability Notice
- Financial Statement
- Americans With Disability Act
- “APR” and “APY” Requirements under Truth in Lending and Truth in Savings
Quicken Loans
Radio Disclaimer
PenFed
CITY LOAN 180 TURN AROUND LOAN

Loans made or arranged pursuant to a California Finance Lenders Law License #6031942.
Vomitus Legalis
Survey

Have you used a vendor to do your marketing designs or promotions?

• Yes
• No
Survey

After this program, will you or the Marketing Department be using the checklist provided to verify that your Credit Union is in compliance with the NCUA advertising regulations?

• Yes

• No
Survey

Does your Credit Union advertise on TV?

- Yes
- No
Survey

Does your Credit Union advertise on the Internet?

• Yes

• No
Key Takeaways

• NCUA advertising requirements can impact safety and soundness
• Marketing + Compliance + Management
• Check and double check advertising avenues – website, email, TV, radio, and print
• Follow FTC 4 P’S! -- Prominent; Presented; Placement; Proximity
• Don’t follow the crowd!