CU PolicyPro

Summary of Content Changes (June 2013)

General Notes

Note 1: Several policies in this update have formatting changes where words previously underlined as titles or for emphasis were changed to bold, as underlined words typically signify a hyperlink. These updates are being made to policies over time as the policies are updated. These instances are not individually noted in this summary, but are shown on the redlined version.

Note 2: Several policies in this update had instances of references within a policy to another policy in the manual updated from "Section" to "Policy" to make the terminology more consistent across the model policies. These instances are not individually noted in this summary, but are shown on the redlined version.

Policy 1240 - Enterprise-Wide Risk Management
2013-2
Section (2)(E) was amended to reflect compliance risk rather than credit risk. (Clarification)

Policy 2110 – Bank Secrecy Act/Anti-Money Laundering Program
2013-2
The Bank Secrecy Act/Anti-Money Laundering Program Policy was revised to reflect the new e-filing requirements for CTRs and SARs in addition to the new FinCEN forms format. Section (3)(A) includes new CTR FinCEN forms information; which is also reflected in Section (3)(A)(ii). The electronic filing requirement is now addressed in Section (3)(B). The policy now includes the hotline to report suspected terrorist activity which is listed in Section (3)(B). Finally, an additional FinCEN forms update which is included in Section (3)(C). (Required)

Policy 2610 – ACH Operations (Title Change)
2013-2
The Automated Clearing House Policy now has an updated name to reflect how credit union employees recognize this operation and is now titled ACH Operations. Section (5) now reflects the NACHA audit requirement date that must be conducted before December 31st each year. (Recommendation)

Policy 2700 – Garnishment of Federal Benefit Payments
2013-2
Due to the amended rule for Garnishment of Federal Benefit Payments this policy has been revised to meet the new rule requirement that goes into effect on June 28, 2013. The General Policy Statement has been amended to reflect that the guidelines of this policy only applies to federal benefit payments that are directly deposited into a member's account through ACH. The definitions have been updated to reflect the amended definitions of the Rule. The definitions affected are: Benefit Payment, Garnishment Order, and Protected Amount. Section (2) has been updated to include State or State agency municipality or Municipal Corporation. Section (3), addressing account review now reflects the language of the rule. Section (6)(A) now provides information about how a credit union may charge a fee based on changes to the Rule that allow a garnishment fee to be collected up to five business days after the account review if funds other than a benefit payment are deposited to the account within this period, provided that the fee may not exceed the amount of the non-benefit deposited funds. Section (7) is revised to address the new requirements for the Notice to Accountholders. Finally, the Form of Notice of Right to Garnish Federal Benefit Payments has been updated to include State or State agency, municipality or Municipal Corporation. (Required)

Policy 3170 – Troubled Debt Restructure
2013-2
Section (1)(B) has had a technical amendment and now states: "Modification of debt terms including, but not limited to the following" (Clarification)

Policy 6100 – General Investment Policy
2013-2
Based on the NCUA's final Credit Rating Rule Section (3)(A) definitions have been added to clarify held-to-maturity and available-for-sale securities. The Credit Analysis Section (4)(A) includes the new guidance information on evaluating the creditworthiness of a security and the factors that should be considered. Section (6) was amended to state that issuers should be approved based on a very strong capacity to meet financial commitments rather than past guidance that required minimum rating agency scores of AAA and AA only. (Required)

Policy 6110 – Broker-Dealer Relations
2013-2
Due to the NCUA's final Credit Rating Rule the Guidelines (1) and (2) have been added and state that the credit union will use only established, well-capitalized, registered broker-dealers; and reputable national and regional firms. Section (3)(B) has FINRA listed as an example of a securities industry regulator. Section (3) has an addition of (C) which describes the regularly required review of the financial strength of a broker. In Section (3)(D) the requirement to use reports of nationally recognized statistical rating agencies has been removed and replaced with a requirement consider external assessments of credit worthiness. (Required)

Policy 6115 – Concentration Risk
2013-2
A clarification has been made to the Concentration Risk policy to include in Section (3)(G) that aggregate holdings of municipal securities that exceed 75 percent of net worth, or the aggregate holdings of municipal securities issued by a single issue that exceed 25 percent of net worth are not allowed. (Clarification)

Policy 6130 – Investment Controls and Monitoring
2013-2
Based on the NCUA's final Credit Rating Rule Section (1)(D)(v) has been amended and the external rating requirement has been removed and replaced with the capacity of the issuer to meet financial commitments for the life of the investment. (Required)

Policy 6150 – Investment Controls and Monitoring
2013-2
Due to the NCUA's Investment and Deposit Activity Rule, Section (2)(E) has been added to include the annual requirement for Federal credit unions to analyze the ability of the safekeeper to fulfill its custodial responsibilities, as evidenced by capital strength, liquidity, and operating results. The Federal credit union should consider current financial data, annual reports, external assessments of creditworthiness, relevant disclosure documents, and other sources of financial information. (Required)

Policy 6210 – Authorized Investments
2013-2
Due to the NCUA's final Credit Rating Rule Section (1)(K) has been amended and the requirement to use a nationally recognized statistical rating organization (NRSRO) has been removed and a requirement for conducting and documenting a credit analysis that concludes that the security is at least investment grade as defined by the NCUA has been inserted. Section (1)(A)(i) has had the FSLIC removed s an account insurer. Additionally, an **optional** section (1)(L) has been added that applies only to FEDERALLY CHARTERED CREDIT UNIONS allowing them to invest in TIPS. (Required)

Policy 7100 – General Lending Policy
2013-2
The General Lending Policy has been amended to include Nondiscrimination Requirements. (Clarification)

Policy 7101 – Loans
2013-2
The Accounting for Troubled Debt Restructuring, Section (3)(A) has been expanded to provide additional information on this process and information on loan impairment has been added for clarification. (Clarification)

Policy 7120 – Fair Lending
2013-2
The Fair Lending Policy has been amended by adding a new Section (3) to include Nondiscrimination Requirements. (Clarification)

Policy 7125 – Loan Application
2013-2
Section (3) has had technical clarifications and now includes more specific information about maintaining the Loan Application Register for public inspection. (Clarification)

Policy 7200 – Consumer Loans
2013-2
Based on the transfer of the Truth in Lending Act (TILA) to the Consumer Financial Protection Bureau (CFPB) this Policy has been updated with the correct citation for TILA which is 12 C.F.R. 1026. (Clarification)

Policy 7240 – Student Loans
2013-2
The Student Loan Policy was amended and references to credit unions granting Federally guaranteed student loans were removed. The General Policy Statement was amended and now states that the credit union does not grant federally guaranteed student loans. The Procedures and Loan Limits for Federal student loan applications have been removed. (Required)

Policy 7245 – Truth-in-Lending Disclosures for Closed-End Credit
2013-2
Based on the Mortgage Servicing Requirements from the Consumer Financial Protection Bureau (CFPB) this policy now contains a prohibition on mandatory arbitration agreements in Section (3)(M). (Required)

Policy 7250 – Truth-in-Lending Disclosures for Open-Ended Credit
2013-2
Based on the transfer of the Truth in Lending Act (TILA) to the Consumer Financial Protection Bureau (CFPB) this Policy has been updated with the correct citation for TILA which is 12 C.F.R. 1026. (Clarification)

Policy 7251 – Regulation Z - Home Equity Plans
2013-2
Based on the Mortgage Servicing Requirements from the Consumer Financial Protection Bureau (CFPB) this policy now contains a prohibition on mandatory arbitration agreements in Section (3)(B)(v). (Required)

Policy 7301 – Registration of Mortgage Loan Originators (SAFE Act)
2013-2
The Registration of Mortgage Loan Originators (SAFE Act) has been amended to provide further clarification based on additional requirements imposed by the Consumer Financial Protection Bureau in the Mortgage Loan Originator Compensation Rules. Section (3)(J) has been added to include training requirements for mortgage loan originators. Section (4)(A) and (B) has been revised to include the requirement for the credit union's name and unique identifier, and the MLOs name and unique identifier. Section (4)(B)(iv) defines that the unique identifiers are only required on Regulation Z (Truth in Lending) covered loan documents. (Required)

Policy 7330 – Residential Real Estate Loans
2013-2
Based on the Mortgage Servicing Requirements from the Consumer Financial Protection Bureau (CFPB) this policy now contains a prohibition on mandatory arbitration agreements in Section (10)(A)(vi)(5). Additionally due to the Consumer Financial Protection Bureau's (CFPB) Escrow Rule the policy now includes a requirement in Section (13)(B)(iii) that escrow accounts will be maintained on higher priced mortgage loans for a period of not less than five (5) years. This is also included in Section (13)(B)(iii)(1). Based on the CFPB Mortgage Servicing Rules Section (16)(B) was amended to include the new requirement to provide a loan payoff statement within 5 days of a member's written or oral request and may be delivered electronically, by fax, or physical delivery. Due to the new CFPB guidance the loan payoff non-conforming request section has been removed. (Required)

Policy 8100 – General OREO Policy
2013-2
The information in this policy has been clarified and includes guidelines in Section (1) for authorized OREO that states the credit union may own OREO when real property becomes other real estate owned (OREO) through:

A. Purchases at sales under judgments, decrees, or mortgages when the property was security for debts previously contracted through the credit union.
B. Conveyance in satisfaction of debts previously contracted through the credit union.
C. Purchase to secure debts previously contracted through the credit union.
D. Relocation of banking premises.
E. Abandonment of plans to use real estate acquired for future expansion for banking premises.
F. In substance foreclosures, which include instances where the borrower may still retain possession and legal title to the property, the credit union may still classify certain troubled loans secured by real estate, considered to be "in substance foreclosures", as other real estate owned. An in substance foreclosure situation is generally characterized by a borrower still holding title to property with little or no equity and the sale of the property being the only source of repayment for the credit unions loan.

Section (1) now provides guidance that the Board of Directors will have final say in all OREO matters and may change or amend any or all of these guidelines by a majority vote. Flood

insurance guidance has been included in the Taxes and Insurance Section (4)(C). (Recommendation)

Policy 9220 – Home Ownership and Equity Protection Act
2013-2
Based on the transfer of the Truth in Lending Act (TILA) to the Consumer Financial Protection Bureau (CFPB) this Policy has been updated with the correct citation for TILA which is 12 C.F.R. 1026. Based on the CFPB High Cost Mortgage Rules the reference to Home Equity Lines of Credit has been removed from Section (2). Escrow information in Section (8)(D) now also includes the requirement for Flood Insurance to be escrowed. Due to the Consumer Financial Protection Bureau's (CFPB) Escrow Rule the policy now includes a requirement in Section (8)(D)(ii) that escrow accounts will be maintained on higher priced mortgage loans for a period of not less than five (5) years. (Clarification)

Policy 10004 – Table 4 - Electronic Funds Transfer Records
2013-2
Based on the transfer of the Truth in Lending Act (TILA) to the Consumer Financial Protection Bureau (CFPB) this Policy has been updated with the correct citation for TILA which is 12 C.F.R. 1026. (Clarification)

Policy 10007 – Table 7 - Lending Records
2013-2
Based on the transfer of the Truth in Lending Act (TILA), Home Mortgage Disclosure Act (HMDA), Real Estate Settlement Procedures Act (RESPA), Consumer Credit Protection Act, Equal Credit Opportunity Act (ECOA), and the Fair Credit Reporting Act to the Consumer Financial Protection Bureau (CFPB) this Policy has been updated with the correct citations. (Clarification)

Policy 10009 – Table 9 - Personnel & Employment Records
2013-2
The record retention policy for Personnel and Employment Records has been amended for the Employee Eligibility Form (I-9) with a record retention period of 3 years from hire date or 1 year after termination whichever is later. The prior retention period was four (4) years. (Recommendation)