



CU PolicyPro

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NOTICE REGARDING PROFESSIONAL ADVICE

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Summary of Content Changes

Policy 1500: Staffing

Changed the reference to “HR Policy Manual” to read the “Credit Union’s Employee Handbook.” Some credit unions that do not have a manual dedicated to HR issues were confused by this reference, and thought it was referring to a policy within CU PolicyPro. CU PolicyPro does not cover HR related policies. If you call your Employee Handbook by another name, your credit union is free to amend this language further to reflect the proper title. (Clarification)

Policy 1520: Succession Planning

Changed the reference to “HR Policy Manual” to read the “Credit Union’s Employee Handbook.” Some credit unions that do not have a manual dedicated to HR issues were confused by this reference, and thought it was referring to a policy within CU PolicyPro. CU PolicyPro does not cover HR related policies. If you call your Employee Handbook by another name, your credit union is free to amend this language further to reflect the proper title. (Clarification)

Policy 2100: General Operations Policies

Language was added to this policy to reflect that there are a number of “laws and regulations that govern credit union operations including, but not limited to” the list of regulations that are in this policy. The revision was written this way so that it will not need to be amended each and every time a new law or regulation is issued. However, your credit union is free to add additional information to this policy at any time. (Clarification)

Policy 2110: BSA

The language in Paragraph (1)(A) was amended to reflect the technical fact that the Board appoints the BSA Compliance Officer.

Paragraph (3)(B)(i)(b) was amended by deleting the reference to NCUA when it comes to reporting a request for SAR-related information. It is sufficient to report these request to FinCEN only, and FinCEN will notify the regulator.

Paragraph (5)(A)(iv) was reworded to make it clearer that you cannot include any FinCEN 314(a) requests in a SAR. In other words, if FinCEN requested whether you had a given individual as a member, that should not in and of itself trigger the idea that you should file a SAR against that person’s transactions, using the fact that his or her name was included in a 314(a) request.

(Legal)

Policy 2212: Individual Retirement Arrangements

Correction of a typo that was found in Paragraph (3)(D)(2) regarding multiple Roth IRA accounts – the age of distribution was updated to 59½. Information was also added about SEP IRAs, which are treated much like Traditional IRAs. (Clarification and Legal)

Policy 2214: Health Savings Accounts

There was a clarification in Paragraph (1)(C) and all 2010 references were amended to 2011. (Clarification)

Policy 2220: E-Commerce

All instances of the words “home banking” were updated to “remote banking”. (Clarification)

Policy 2226: E-Statements

Paragraph (4) of this policy was amended to reflect a re-structuring of the manual, which is to move all references to policies outside of the Federal Regulation Summaries (Chapter 9000). (Clarification)

Policy 2280: Share Insurance

The language in Paragraph (1) was amended in reflect that the NCUA share insurance coverage is up to “at least” \$250,000.

Paragraph (5)(A) was amended to reflect the new rule that amended some of the exceptions to advertising share insurance that takes effect in January 2012. Not only will all federally-insured credit unions be required to place the NCUA official logo or statement on the statements of condition and reports of condition, the radio and television advertisement exception will not apply to ads that are 15 seconds or more in length.

A new Paragraph (6) was added to reflect the Dodd-Frank Act mandate to insure non-interest (or non-dividend) bearing accounts until December 31, 2012.

(Regulatory Change for all federally-insured CUs)

Policy 2400: Funds Availability

Language was added to Paragraph (1)(E) to reflect that a change-in-terms notice may be sent 30 days *after* the change when the change is a benefit to the member. All references to the fact that the first \$100 of a check will be made available to a member were amended to reflect the fact that this amount has been increased to \$200. (Legal)

Policy 2500: Truth in Savings

This entire policy has been completely rewritten (there is no redlined version of this policy as the changes were so extensive). Because similar information was found in Policy 9430, these two policies were combined into one (and 9430 has been removed from the Master manual)

New information to this policy was added in Paragraph (6) regarding maintenance and activity fees. There were a number of questions from credit unions regarding whether an account can be advertised as “free.” The regulation provides this can’t be done if the credit union charges a “maintenance or activity fee” on the account. The policy now provides more detail on this issue from the regulation and the staff commentary that explains the regulatory language. (Regulatory)

Policy 2615: ATM/Debit Cards

Because Policy 9100 (Regulation E summary) was removed from the manual in a previous update, specific information was added to Paragraph (3) regarding what is required in the initial disclosure.

A new Paragraph (6) was added dealing with the ATM requirements under the Americans with Disabilities Act that take effect next March). Although you may have a third party handle all of the details, this policy includes all of the specifics that need to be in place next year.

(Regulatory and Legal)

Policy 2700: Garnishment of Federal Benefit Payments

This is a new policy to the manual that deals with the recent final rule regarding the garnishment of federal benefit payments. This policy only deals with handling garnishments, and only those that relate to federal benefits.

Your credit union may be located in a state that has garnishment protection for state benefits, or may have a law that provides better garnishment protection to members (for example, a longer look-back period or additional federal benefit protection). If this is the case, you may need to amend your policy to include additional information, and amend the title to include “State” benefits.

(Legal)

Policy 6100: General Investment Policy

Paragraph (1) was amended to include three new sub-paragraphs dealing with investment concentrations in response to an NCUA Letter to Credit Unions. Also added is a new Paragraph (4) that deals with Credit Analysis, which contains language straight from the NCUA investment regulation (which is NCUA Part 703).

Note: Generally, Letters to Credit Unions only deal with recommended or suggested actions, but NCUA Part 703.3(f) requires policies to contain information regarding investment concentrations, which is why the revision is labeled a “regulatory” change and not a “recommended” one.

(Regulatory)

Policy 6130: Investment Controls and Monitoring

Paragraph (1) of this policy was amended with the inclusion of two new sub-paragraphs dealing with an investment risk assessment and the maintenance of comprehensive and accurate data on the credit union’s investments.

Additionally, a new Paragraph (2) was added that deals with investment concentrations, and the responsibilities of the Board with regard to this issue.

(Regulatory)

Policy 7145: Loan Limits

This is a clarification that the total loan limit to any one borrower at any one time may not exceed 10% of a credit union's total unimpaired *capital* and surplus (and **not** 10% of a credit union’s unimpaired shares and surplus). (Regulatory)

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Policy 7210: Credit Cards Part I

This policy was amended to reflect the clarifications to the credit card amendments to Regulation Z that go into effect in October of this year.

Paragraph (9)(A)(vii) clarifies that if you advertise a given payment method, payments made using that method will be considered conforming.

Paragraph (12)(G) was amended to reflect that a disputed amount that is provisionally credited to a member's credit card account can be withdrawn by the credit union if a merchant credits the member's card account.

Paragraph (18)(A) was amended to reflect that the credit union must assess an individual's ability to repay a credit card account, regardless of the person's age. Therefore, if a member does not have any income, the member cannot open a credit card account unless there is a joint owner or guarantor that can repay the debt. What had been required for those under the age of 21 will not be applied to everyone.

Paragraph (19) was amended to clarify that fees charged to a member when a credit card account is opened may not be charged before the card account is opened in order to evade the Regulation Z requirements that limit the amount of fees that can be charged.

Paragraph (19)(C)(ii) was amended to clarify that a returned payment fee cannot be charged twice for the same payment that is processed, but can be if two *separate* payments are made in one billing cycle.
(Regulatory for all CUs that offer credit cards)

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Policy 7211: Credit Cards Part II

Like the first half of the Credit Cards policy, this policy was amended in response to the clarifications made by the Federal Reserve Board to Regulation Z.

Paragraph (20)(B) was amended to reflect the clarification that if a change is made to the type of rate (e.g., non-variable to variable), a reevaluation will be conducted if the new rate exceeds the rate that would have applied if the change in the type of rate had not occurred.

Paragraph (20)(F)(3) clarifies that if a credit union decides to offer a lower rate on similar new credit card accounts prior to a review, the rate on the existing accounts may be reduced to the rate that was in effect prior to the rate increase (not the lower rate that would be offered to a comparable new member).

Paragraph (20)(H)(ii) clarifies that the rate review requirements do not apply to changes from a variable rate to a non-variable rate (or vice versa), if the rate in effect immediately prior to the change in the type of rate is equal to or greater than the rate in effect immediately after the change.

Paragraph (21) was amended to clarify that you may apply any overage in the payment above the minimum periodic payment may be applied to a different balance than the one with the lowest rate, if the member requests this.

Paragraph (23)(B)(i) was amended to clarify that the provisions that apply to a temporary rate also apply to a temporary fee or charge as well.

Paragraph (23)(B)(iii) now clarifies that an increased rate cannot be imposed on a closed account or when account privileges are suspended or terminated for a member.

Paragraph (23)(B)(vii) deals with the situation when the credit union lowers a fee or charge while a member is on active duty. The Servicemembers Civil Relief Act (or SCRA) does NOT require credit unions to do this, so if your credit union does not do this, you do not need to incorporate this paragraph into your policy.

Paragraph (26)(B) was amended to include the standard deadlines for reporting credit card agreements to the Federal Reserve Board on a quarterly basis. ***This requirement only applies to credit unions with over 10,000 open credit card accounts***, so if your credit union does not meet this requirement, you can disregard this amendment (as well as this Paragraph of the policy). Sub Paragraph (ii) of this Paragraph was deleted, as it referred to dates that have already passed.

(Regulatory for all CUs that offer credit cards)

Policy 7245: Truth in Lending Disclosures for Closed-End Credit

This was a clarification of a reference to Paragraph (4)(A)(iv). **(Clarification)**

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Policy 7250: Truth in Lending Disclosures for Open-End Credit

Paragraph (2)(A)(i) 2 was amended to include information regarding the disclosure of the loss of an employee preferential rate. *If your credit union does not offer an employee preferential rate*, you may disregard this amendment.

Paragraph (4)(C)(iii) now includes language regarding the balance computation method, which was part of the Regulation Z credit card clarifications rule that goes into effect this October. *Your credit union's balance computation disclosure may need to be amended, depending on how the computation method is handled* (i.e., whether it is treated the same for all features, or is different for purchases, balance transfers, and/or cash advances).

Paragraph (6)(C) clarifies that the disclosures for checks that access a credit card must be in a tabular format.

Paragraph (D)(ii)(2) clarifies that a change-in-terms notice is required when changes in the manner in which APRs are computed because it will have an impact on the APR. Paragraph (D)(ii)(3)(d) was amended to clarify that a member does not have the right to reject an increased fee when the SCRA no longer applies. *If your credit union does not lower fees while a member is on active duty, this change won't apply to you* (however, this is one of those changes that you might still want to keep in the event you decide to go this route in the future).

Paragraph (D)(ii)(6)(c) is important to note because the clarification rule made it clear that the Federal Reserve Board had made a typographical error in its previous rules. The prohibition against rate floors was previously limited to credit card accounts, but the FRB had originally intended that this prohibition be extended to all open-end (NOT HOME SECURED) credit. Therefore, the latest Regulation Z rule and this policy were amended to reflect this change. Keep in mind that the rule does not apply to home-equity loans.

Paragraph (7)(G) amended to reflect that the requirements for promotional rates will apply to promotional fees beginning on October 1.

Most of these changes apply to credit cards, but this amendment was labeled “regulatory” due the Paragraph (D)(ii)(6)(c) provision.

(Regulatory)

Policy 7301: SAFE Act

Formatting change to correct a numbering error in the master. A few credit unions had called and asked for clarification on this. (Correction)

Policy 7302: Real Estate Appraisals

Paragraph (2)(A) was reformatted to reflect the specific conflict of interest rules in the Interim Regulation Z Final Rule. Paragraphs (2)(C) and (D) also included additional information from this interim final rule.

A new Sub-Paragraph (F) was included from the interim final rule that deals with the mischaracterizations of value, as well as a new Sub- Paragraph (G) regarding the due diligence requirements when a policy violation occurs.

A new Paragraph (4) was added that deals with the customary and reasonable fees that are to be paid to appraisers that is also required by the interim final rule.

Due to the extraordinary length of this policy, the previous appendices were spun off into their own policy.
(Regulatory)

New Policy 7303: Real Estate Appraisals - Appendices

These Appendices were previously included in Policy 7302, but were split into their own policy due to the length of the Appraisals policy and the length limitations of the online system. While this policy number is new, the content has not changed since the last revision. The “revised” date refers to the fact that this content has been separated into its own policy.

New Policy 7332: Unfair or Abusive Mortgage Lending Practices

This is a new policy to the manual.

This policy is entitled the same as the Regulation Z final rule, and covers the loan steering and loan originator compensation provisions.

If you do not offer mortgage loans, you do not need this policy in your manual.

(Regulatory change for all CUs that offer real estate loans)

Policy 7420: Member Business Loans

Paragraph (7)(B) regarding the experience requirement was amended to say that the credit union will seek the services of a third party in the event the credit union could not meet 2-year direct experience requirement.

In Paragraph (9)(A) it was added that the credit union would also request a copy of a business applicant’s business plan.

Paragraph (10)(B) was clarified to state that the maximum loan-to-value requirement for vehicles does not apply to vehicles that are not part of a fleet.

A provision was added to Paragraph (10)(E) regarding collateral depreciation and destruction that the credit union will seek the advice of its auditor on this issue.

Paragraph (13)(A) was amended to clarify that when monitoring loans, MBLs will be segregated from all other loans.

(Regulatory)

Policy 7510: Collection Practices

More information regarding foreclosures was included in this policy, based on an NCUA Letter to Credit Unions. This policy provides more detail on the preparation prior to foreclosure.

(Recommended for all credit unions that offer real estate loans)

Policy 9220: HOEPA

This policy was amended to reflect the Regulation Z final rule regarding the escrow requirements for “jumbo loans,” which are defined as loans that are **not** eligible for purchase by Freddie Mac because their original principal obligation is too large.

If your credit union does not offer real estate loans, you can disregard this policy amendment.

(Regulatory for all credit unions that offer real estate loans)

Policy 9410: Regulation CC

Paragraph (3)(F) now reflects the additional amount that must be made available when a check is negotiated - \$200. (Regulatory)

DELETED Policy 9430: Truth in Savings

This section has been deleted from the manual. This decision was reached due to the fact that all of the information related to Truth in Savings is contained within one of the operational policies within the manual. It is easier to maintain this information in a single policy only rather than maintaining it in two places. The information related to Truth in Savings can be found policy 2500 (Truth in Savings)

Policy 9500: Americans with Disabilities Act

Paragraph (2)(K) now includes the ATM requirements. This information mirrors that found in revised Policy 2615 (which is the ATM/Debit Card policy).

Policy 10011: Table 11 (MEMBER ACCOUNT RECORDS)

The word "Home" banking was amended to read "Remote" banking.