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# CU PolicyPro

## OPERATIONS MANUAL EDITION

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### **NOTICE REGARDING PROFESSIONAL ADVICE**

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# Summary of Content Changes

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New

## **Policy 1240 – Enterprise-Wide Risk Management**

This is new policy. This policy identifies the responsibilities for risk management, what the various risks are, and how the credit union will handle monitoring and training to ensure a culture of risk management at your credit union. The policy does NOT specify what your individual risk tolerances are – every credit union will need to go through this policy and determine what your specific tolerances are for each risk type.

(Recommendation)

## **Policy 1600 – Code of Ethics and Diversity (updated title)**

This policy has a new name and was amended in response to the Dodd-Frank Act amendments to the NCUA Call Report. There have been many questions about what is required, so included in this summary NCUA's clarification regarding these changes,:

NCUA's Office of Minority and Women Inclusion is tasked with ensuring equal employment opportunity and workplace diversity at NCUA and in the credit unions the agency regulates. NCUA has added new questions on workplace diversity to the Credit Union Profile under "Regulatory Information," but the questions are only to be answered by credit unions with 100 or more employees or credit unions with 50 or more employees that serve as a depository of government funds, as issuing and paying agents of U.S. Savings Bonds or Notes, or have a Federal Government contract of at least \$50,000. NCUA does **not** consider federal share insurance a government contract for purposes of this requirement.

Credit unions have to provide the date on which they last filed the required EEO-1 Survey Report with the Equal Employment Opportunity Commission (EEOC) and must answer "yes" or "no" if they have a "diversity policy or program."

These questions are meant to assess the number of credit unions that have diversity policies and practices in place, and determine credit union compliance with EEOC reporting requirements, the agency has said. The NCUA has not established standards for diversity programs, but more guidance related to diversity programs could be released.

Until such guidance is released, this policy amends the Code of Ethics policy to include diversity information. (Legal)

New

## **Policy 2205 – Unlawful Internet Gambling**

This is new policy. This policy aggregates the requirements of the Unlawful Internet Gambling Act, but these requirements can also be found in the separate policies to which this Act relates (see policies 2211, 2213, 2290, 2610, 2611, 7210, and 7425. There are two key fields in this policy. (Recommended)

### **Policy 2211–Business Accounts**

There was a deletion in Paragraph (6)(C) to a reference to the funds availability provisions of Regulation CC not applying to business accounts (they do apply). This policy, along with several others for this update, also had some formatting changes. When words had previously been underlined for emphasis, we have removed the underline and changed the formatting to bold, as it has been pointed out that underlined words can indicate a hyperlink. (Regulatory)

### **Policy 2212 – Individual Retirement Arrangements**

The qualification requirements for Roth IRAs and Coverdell Education Savings Accounts were amended to reflect the 2012 income and deposit limits. (Legal)

### **Policy 2214 – Health Savings Accounts**

This policy was amended to reflect the contribution limits for 2012. (Legal)

### **Policy 2225 – Remote Banking**

This policy was amended to reflect the recently released Authentication in Internet Banking expectations. Information was added to the risk assessment section, which is Paragraph (2). Paragraph (4) was amended to include a reference to the manual’s Vendor Due Diligence policy. Paragraph (4)(C) was amended to update the reference to a “SAS 70” as a “SAS 70/SOC 1”.

Paragraph (6) includes new material regarding authentication. This information includes authentication for “high-risk transactions,” layered security, and consumer education and awareness that are all found in the FFIEC guidance. (Recommendation)

### **Policy 2232 – Loss Expulsion**

This policy was amended to correct a typo in Paragraph (5). (Clarification)

### **Policy 2611 – ACH Management**

Paragraph 3(F) was updated to change the reference to the “Statement Under Penalty of Perjury” to the “Written Statement of Unauthorized Debt.” This policy, along with several others for this update, changed the references to other policies from “Section” to “Policy”. We will update this terminology throughout each policy as each policy is updated. (Clarification)

### **New Policy 2705 –IRS Levies**

This is a new policy. The policy covers what is to be done when an IRS levy is received, how the credit union can recover the funds, and the handling of fees. (Legal)

### **Policy 4120 – Information Security**

The Assessment of Risk information in Paragraph (2) was updated. This amendment reflects the FFIEC authentication guidance, but does not contain the detail that is found in the Remote Banking policy (which is Policy 2225 discussed earlier). (Recommended)

### **New Policy 4160 – Bomb Threats**

This is a new policy. This policy covers threats received in writing, threats over the telephone, what to do when you find a suspicious object on the credit union grounds, conducting a search of the premises, evacuating members and employees from the building, and handling false alarms. (Recommended)

 **Policy 4315 – Firewalls**

This is a new policy. This policy covers the types of firewalls and firewall architectures used, which is where your credit union will need to amend this to provide for what your credit union uses. It also covers firewall administration, updating, documentation, incident response, the regular auditing of firewalls, and contingency planning in the event there is a breach. (Recommended)

**Policy 4340 – Remote Access**

Like the Remote Banking and Information Security policies, the Remote Access policy was amended to reflect the FFIEC authentication guidance. Specifically, Paragraph (2) was amended to include additional information from the guidance with respect to the assessment of risk. (Recommended)

**Policy 5300 – Interest Rate Risk Management**

The Interest Rate Risk Management policy was amended in response to the specifics included in the NCUA final rule requiring an Interest Rate Risk policy by September 30 of this year.

Additional information was included in the board and senior management responsibilities, Paragraph (4) was amended to include the fact that the risk measurement would be based on the credit union's latest Call Report information; a new Paragraph (4)(E) was added to include the effect of new strategies on the credit union's Interest Rate Risk measurement; Paragraph (5)(E) is a new Paragraph that deals with policy exceptions (as these could very well impact the credit union's Interest Rate Risk); new information was added to Paragraph (6)(D) dealing with simulation models; and finally, Paragraph (7) was amended to include more information regarding internal controls and a the periodic assessment of the credit union's overall Interest Rate Risk program. (Regulatory)

**Policy 6100 – General Investment Policy**

There was a correction to the paragraph referenced in Paragraph (1)(L), and the deletion of a couple of words from Paragraph (4) regarding the Credit Analysis that makes the language cleaner. (Regulatory)

**Policy 7115 – Credit Underwriting Standards**

A new Paragraph (11) was created dealing with the Ability to Repay rules for credit cards, as this affects the underwriting for these types of loans. (Regulatory)

**Policy 7125 – Loan Application**

The Loan Application policy was amended to reflect the adverse action and risk-based pricing notice changes under the FACT Act. Specifically, Paragraph (9) was amended to include the additional information required under the FACT Act, and a new Paragraph (11) was included to discuss how co-applicants, guarantors and co-signers are handled, as well as how to deal with multiple credit scores. A new Paragraph (13) was added to include the risk-based pricing notice, with a reference to the Risk Based Pricing policy (Policy 11010). (Regulatory)

**Policy 7210 – Credit Cards Part I**

This policy includes two updates. The first change is in Paragraph (2)(B). The language regarding the age of the applicant was removed because the ability to repay rules now apply to everyone. The second change was made in Paragraph (9)(C) to clarify that a payment will not be treated “as late” when it is made on the due date in a form other than by mail. (Regulatory for all CUs that offer credit cards)

### **Policy 7215– Overdraft Protection**

Language was moved from Paragraph (5)(A) to Paragraph (5)(B) for clarification. (Regulatory)

### **New Policy 7218 – Short-Term, Small Amount Loans**

This is a new policy. This policy is based on an NCUA rule for federal credit unions only, so state-chartered credit unions will need to check with your state-chartered credit union and usury laws to determine whether you can follow this policy as well. (Regulatory for Federal Credit Unions that offer short-term, small dollar loans)

### **New Policy 7270 – Skip Payment Program**

This is a new policy. This policy includes information on eligibility, fees, and how to disclose skip payment programs for both open- and closed-end loans. There are five key fields in this policy. (Regulatory)

### **Policy 7330 – Residential Real Estate Loans**

We have received several requests for a new Flood Insurance policy, the Flood Insurance information is already contained in within this policy. Paragraph (11) was amended to include additional information from NCUA 760 regarding the determination of loans in areas having special flood hazards. (Regulatory for all credit unions that offer real estate loans)

### **Policy 9110– Equal Credit Opportunity Act – Regulation B**

Paragraph (7)(C) was amended to reflect the adverse action amendments. (Regulatory)

### **Policy 9200 –Home Mortgage Disclosure Act**

This policy was amended to reflect the asset threshold for compliance for 2012. (Legal)

### **Policy 9420 – Monetary Control Act – Regulation D**

This policy was amended to reflect the annual threshold changes for 2012. (Regulatory)

### **Policy 11001 – Fair Credit Reporting Act**

This policy was amended to include additional information from the Fair Credit Reporting Act. Specifically, new definitions were included on adverse action and firm offer of credit or insurance; additional information was included regarding information obtained from a credit reporting agency; information on the protection of medical information was added; information regarding incomplete or inaccurate information was added to Paragraph (6); and new Paragraphs (13) and (14) were added regarding adverse action and risk-based pricing notices. (Regulatory)

### **Policy11010 – Risk Based Pricing**

This policy was amended to include additional information from the FACT Act regarding the additional information that must be provided in a risk-based pricing notice. Specifically, the changes were made throughout Paragraph (2) dealing with the content of the notice, and in Paragraph (4) dealing with multiple scores. (Regulatory)