Summary of Content Changes
2013.3 Update – August 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.

**Note 3:** **Policy 11010, Risk Based Pricing**. In the online master, Paragraph (1)(C)(iii) - **Account Review**, is in the wrong position in the numbered list. It should not be under letter C, but a stand-alone item (1)(D). As this was the only change in the policy, it is simply a note. The master version has been corrected, but there is no redlined version and the revised date is not shown as updated. If this policy is included in your Working manual, please move the “Account Review” information from (1)(C)(iii) to (1)(D) in the numbered list. To do this, put your cursor in the text of “Account Review” and use the decrease indent button in the toolbar.

**NEW - Policy 1205 – Board of Directors Duties**

**2013-3**

The Board of Directors Duties Policy was created based on the request of credit unions and increasing examination focus on credit union’s Board of Directors and their duties. This policy was created based on guidance from the NCUA including: [Letter to Federal Credit Unions 11-FCU-02 Duties of Federal Credit Union Board of Directors](http://www.ncua.gov/Resources/Pages/LFCU2011-02.aspx); [NCUA Examiners Guide, Chapter 7Managment](http://www.ncua.gov/Legal/GuidesEtc/ExaminerGuide/Chapter07.pdf); and the [Fiduciary Duties at Federal Credit Union Rule](https://www.federalregister.gov/articles/2010/12/28/2010-32115/fiduciary-duties-at-federal-credit-unions-mergers-and-conversions-of-insured-credit-unions). This policy includes guidance on duties of directors including: fiduciary, risk, management, and good faith duties. (New Policy)

**Policy 1235 – Education and Volunteer Training Guidelines**

**2013-3**

Fiduciary duties for volunteers have been further defined in Section (1)(A)(i) based on the [Fiduciary Duties at Federal Credit Union Rule](https://www.federalregister.gov/articles/2010/12/28/2010-32115/fiduciary-duties-at-federal-credit-unions-mergers-and-conversions-of-insured-credit-unions) and now include the requirement that Board members who were elected or appointed who do not possess the requisite financial skills have six months from election or appointment date to obtain them. Additionally expense approval in Section (2) was clarified to include consideration of approval of certain expenses related with education and training activities. (Required)

**NEW - Policy 1505 – Whistleblowing Protection Policy**

**2013-3**

The Whistleblowing Protection Policy was created due to the requests of credit unions. This policy includes guidelines on: the definition of whistleblowing; reporting responsibilities; acting in good faith; confidentiality; no retaliation and applicable laws. The policy is based on [governmental guidance on whistleblowing](http://www.whistleblowers.gov/regulations_page.html). (New Policy)

**Policy 1650 – Gifts, Bribes or Kickbacks**

**2013-3**

[Bank Bribery Act](http://www.gpo.gov/fdsys/pkg/STATUTE-100/pdf/STATUTE-100-Pg779.pdf) requirements have been added to the Gifts, Bribes or Kickbacks policy. (Clarification)

**Policy 2190 – Disaster Contingency Planning**

**2013-3**

Section (2)(I) has been added to include the following requirement for disaster contingency planning for procedures explaining how service will continue to be provided to members; and under what circumstances service could be temporarily interrupted. (Clarification)

**Policy 2200 – E-Commerce**

**2013-3**

The E-Commerce policy has been updated to reflect new technologies used by credit unions. Section (1)(B) now includes references to remote deposit capture (iv) and mobile banking (v). References to Other Credit Union Policies have been removed. Section (4)(B) now includes a requirement to comply with all applicable state and Federal regulations and guidance. Reference to SAS70 cited in Section (5)(B) have been updated to reference Service Organization Controls. Reference to system penetration testing in Section (5)(B) now addresses system vulnerability testing. Section (7)(A) now addresses disaster contingency planning rather than disaster recovery planning. (Recommendation)

**Policy 2221 – Web Site**

**2013-3**

Based on advancements in technology and increasing use of web sites by credit unions, the Web Site policy has been updated. The general policy statement now includes the statement that: using the World Wide Web (Web) is strongly encouraged in that it provides the Credit Union with a tool to convey information quickly and efficiently on a broad range of topics relating to its products, services, activities, objectives, policies and disclosures. Section (1)(C) was added so that management together with the appropriate departments shall work together to provide the necessary resources to adequately support Web Site operations to include equipping staff with the appropriate tools and staff training. Additionally, Sections (1)(C)(2) and (3) have been added addressing copyrighted materials and external web site links. Finally, Section (7) includes vendor management guidance to ensure the operational integrity and security of the computer and network supporting the Web Site are maintained. (Recommended)

**Policy 2222 – Electronic Communications/Acceptable Use**

**2013-3**

The Electronic Communications/Acceptable Use policy has been revised to include new technology devices and guidance on their use. The General Policy statement now makes reference to mobile communication devices and includes volunteers with employees who must follow policy guidelines. Section (1) now includes the credit union’s network in the list of electronic communication means. The right of the credit union to remove material from its information systems has been strengthened by removing the condition that material can be removed if it is viewed as offensive or potentially illegal. Section (2)(E) has been amended to restrict access to information on computers and within credit union information systems. Section (2)(F) includes a restriction to evade firewall protections using wireless access. Section (3)(D) has been revised to state that information collected and used by the Credit Union is considered to be Credit Union property. Blogging is further addressed in Section (3)(E)(i) to address management approval and monitoring. Privacy expectations in Section (6) now include a new subsection (B) stating that employees will not send member non-public personal information, including, but not limited to, full account numbers and social security numbers in electronic communications that are not encrypted. The protection of information integrity includes the requirement for prior management approval before employees downloading information onto the credit unions network, systems or computers. Section (10)(C) now includes record storage in addition to management and related activities. (Recommended)

**Policy 2290 – Wire Transfer**

**2013-3**

A technical correction has been made in Section (2)(I)(v) correcting the reference of Regulation Z to 1026 rather than 226. Section (8) for Foreign wires has been amended to include conditions for following new [International Remittance Transfer](http://www.consumerfinance.gov/remittances-transfer-rule-amendment-to-regulation-e/) (IRT) requirements published by the Consumer Financial Protection Bureau (CFPB). Distinctions are provided as to when IRT classify for the new regulatory requirements and reference the new International Remittance Transfer Policy. (Required)

**Policy 2600 – Electronic Fund Transfer**

**2013-3**

The Electronic Fund Transfer Policy was revised to include requirements for [International Remittance Transfers](http://www.consumerfinance.gov/remittances-transfer-rule-amendment-to-regulation-e/) as required by Regulation E as amended by the CFPB. These new requirements are addressed in Section (7) and include the requirements for disclosures, estimates, cancelation, preauthorized international remittance transfers, error resolutions, and error remedies. (Required)

**NEW - Policy 2605 – International Remittance Transfer**

**2013-3**

The International Remittance Transfer Policy was created to address the new [International Remittance Transfer rules](http://www.consumerfinance.gov/remittances-transfer-rule-amendment-to-regulation-e/) that were created as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act and instituted by the CFPB. The new policy includes requirements for disclosures, estimates, cancelation, preauthorized international remittance transfers, error resolutions, and error remedies. (Required)

**Policy 6220 – Non-Deposit Investment Products**

**2013-3**

A technical correction has been made in Section (6)(A) changing the reference to the National Association of Securities Dealers (NASD) to the Financial Industry Regulatory Authority (FINRA). (Clarification)

**Policy 7200 – Consumer Loans**

**2013-3**

Technical amendments have been made to Section (1)(B) through (E) to correctly identify regulations that have transferred over to the oversight of the CFPB. The regulatory references that have been updated include: [Regulation B – Equal Credit Opportunity Act](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1002_main_02.tpl); [Fair Credit Reporting Act](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1022_main_02.tpl); and [Regulation C – Home Mortgage Disclosure Act](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1003_main_02.tpl). (Clarification)

**Policy 7250 – Truth-in-Lending Disclosures for Open-End Credit**

**2013-3**

Technical amendments have been made to Section (D)(ii)(3)(d) and (7)(B) to correctly identify [Regulation Z – Truth in Lending](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1026_main_02.tpl) that has been transferred over to the oversight of the CFPB.

(Clarification)

**Policy 7251 – Regulation Z – Home Equity Plans**

**2013-3**

Technical amendments have been made to Section (5)(D)(i) and (6)(D)(i) to correctly identify [Regulation Z – Truth in Lending](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1026_main_02.tpl) that has been transferred over to the oversight of the CFPB.

(Clarification)

**Policy 7301 - Registration of Mortgage Loan Originators (Safe Act)
2013-3**

Section (4)(B) was amended to reflect and further clarify the [Mortgage Loan Originator Compensation Requirements](http://www.consumerfinance.gov/regulations/loan-originator-compensation-requirements-under-the-truth-in-lending-act-regulation-z/) to Regulation Z as finalized by the Consumer Financial Protection Bureau. (Clarification)

**Policy 7315 – Commercial Real Estate Loan Workouts**

**2013-3**

Guidelines for Considerations has been reclassified as Eligibility Requirements. Based on the NCUA guidance for [Loan Workouts and Nonaccrual Policy](http://www.ncua.gov/Legal/Documents/Regulations/FIR20120524TroubledRestrucLoans.pdf) Section (2)(A)(i) now includes the requirement to review current credit reports and receive income verification. Additionally, further guidance has been provided in Section (2)(C)(i) and (ii) to include property condition requirements for determining property value and lien position. Section (4)(C)(iii) has been added to address the requirements that c credit union estimate the cost to the credit union , as measured by a NPV test, of any approved modification to verify it is less than the estimated cost of foreclosure or other foreclosure prevention alternative (e.g., short sale, deed in lieu of foreclosure, cash for keys, etc.), unless extenuating circumstances exist, and document the NPV analysis in the loan file. (Required)

**Policy 7420 – Member Business Loans**

**2013-3**

Due to increased examiner scrutiny of the [Flood Disaster Protection Act](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=4999a47429a7654bed5cc9532b0aa93f&rgn=div5&view=text&node=12:7.0.2.3.32&idno=12) the Member Business Loan Policy has been amended to include flood insurance requirements for member business loans in Section (10)(E). This guidance includes requirements for determination, fees, notice, flood insurance requirements, and record retention. (Recommended)

**Policy 7430 – Participation Loans**

**2013-3**

The NCUA provided guidance and additional regulatory requirements for loan participations that were published in [12 CFR Parts 701 and 741](http://www.ncua.gov/Legal/Documents/Regulations/FIR20130625LoanParticipations.pdf). The loan participation policy has been amended to include membership requirements in General Considerations. Section (1)(F) now includes the regulatory concentration limits. Section (5)(A)(iv) includes information on the required timing for NCUA waivers. Section (6) includes a new subsection (B) with participating interest limitations. Section (7) has been amended to include purchase eligibility in Section (7)(A) and the requirements for a participation agreement are included in Section (7)(E). (Required)

**Policy 7616 – Loan Extensions**

**2013-3**

Based on the NCUA guidance for [Loan Workouts and Nonaccrual Policy](http://www.ncua.gov/Legal/Documents/Regulations/FIR20120524TroubledRestrucLoans.pdf) Section (2)(D) now includes the requirements to consider the members current credit situation that must be verified .

(Required)

**Policy 7625 – Residential Real Estate Loss Mitigation Strategies**

**2013-3**

Guidelines for Considerations has been reclassified as Eligibility Requirements. Based on the NCUA guidance for [Loan Workouts and Nonaccrual Policy](http://www.ncua.gov/Legal/Documents/Regulations/FIR20120524TroubledRestrucLoans.pdf) Section (3)(A)(i) now includes the requirement to review current credit reports and receive income verification. Additionally, further guidance has been provided in Section (3)(C)(i) and (3)(D0(i) to include property condition requirements for determining property value and lien position. Section (5)(C)(iii)(4) has been added to address the requirements that c credit union estimate the cost to the credit union , as measured by a NPV test, of any approved modification to verify it is less than the estimated cost of foreclosure or other foreclosure prevention alternative (e.g., short sale, deed in lieu of foreclosure, cash for keys, etc.), unless extenuating circumstances exist, and document the NPV analysis in the loan file. (Required)

**Policy 9300 – Bank Bribery Act**

**2013-3**

The Bank Bribery Act Policy has been revised to meet specific regulatory requirements contained in the [Bank Bribery Act](http://www.law.cornell.edu/uscode/text/18/215) to provide more detailed guidance for credit unions. This includes new requirements for: prohibitions for soliciting or accepting anything of value; covered individuals; exceptions and disclosure. (Recommended)

**Policy 10001: Record Retention Table 1 – Corporate Records**

**2013-3**

The Corporate Records Retention Policy has been amended to provide more specific reference to 12 CFR 749 for credit union policies, Federal Credit Union Act and special credit union rules and regulations . Retention requirements for liquidation are further clarified to retain the records for 5 years after cancelation of charter. Finally the record retention for government correspondence has been changed to permanent to ensure that government correspondence, that can be varied and come from many different agencies, is retained if need in the future. This is only a best practices recommendation. (Recommended)

**Policy 10004: Record Retention Table 4 – Electronic Funds Transfer Records**

**2013-3**

Technical corrections have been made to the references to [Regulation E](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1005_main_02.tpl) to 1005 rather than 205 due to transfer of the regulation to the CFPB. Additionally the ACH rules have been referenced as the authority for ACH documents. (Recommended)

**Policy 10005: Record Retention Table 5 – General Accounting Records**

**2013-3**

Record retention requirements for earning records have been clarified to reference 29 CFR 516, rather than the more narrow clarification of 516.1 that was too restrictive for all earning records. (Clarification).

**Policy 10007: Record Retention Table 7 – Lending Records**

**2013-3**

Technical corrections have been made to the references to [Regulation M](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1013_main_02.tpl) and [Regulation B](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1002_main_02.tpl) to 1013 and 1002 respectively based on the transfer of the regulation to the CFPB. (Clarification)

**Policy 10008: Record Retention Table 8 –Negotiable Instruments Records**

**2013-3**

A correction has been made to the reference for 31 CFR 103. (Correction)

**Policy 10009: Record Retention Table 9 – Personnel and Employment Records**

**2013-3**

Record retention requirements for employment records have been clarified to reference 29 CFR 516, rather than the more narrow clarification of 516.1 that was too restrictive for all earning records. (Clarification)

**Policy 10011: Record Retention Table 11 – Member Account Records**

**2013-3**

Technical corrections have been made to the retention authority for expedited funds availability and notice of CU invocation of statutory exceptions to include 12 CFR 229.21. (Clarification)