

September 2013

Dear CU PolicyPro Clients,

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Content FAQs

Q: Will you be updating the mortgage policies for the rules that go into effect in January 2014?

A: Yes, we are updating all policies related to the CFBP mortgage rules and these will be part of the December update - however, we can't give a complete list of the exact policies that will be affected as it could change as the ruling is further amended. Our policies will be updated with the most current amendments available as of late November (and perhaps will continue to be updated until the "final" rule is truly finalized).

Technical FAQ

Q: Our credit union name has changed. What do we need to do?

A: If your credit union name has changed, please send an email to hrsupport@cusolutionsgroup.com to notify us of the change. Please also notify us if your email address has changed so we can ensure you receive information and updates related to CU PolicyPro.

We can update your credit union name for you on CU PolicyPro (or you can do this yourself through the ADMINISTRATION area), but if your email has also changed, you will need to go into you user profile and update your own email address (and user name, if it is your email). We won't update your user profiles unless specifically requested to do so.

Any previously published manuals will still have your old credit union name on them – the published manual is a point in time document, so there isn't any way to update this. You will have to republish in order to see the new credit union name.

If you have the credit union name in your customized policies, you can use the SEARCH in the Working Manual to see which policies include the CU name. For any policy, you can use the find/replace function to update the credit union name. If you would like this done globally, you can send a request to hrsupport@cusolutionsgroup.com.

For more frequently asked questions, visit the CU PolicyPro FAQs page which includes all FAQs featured in previous newsletters, as well as many others!

Update to Policy 7430 - Participation Loans

Policy 7430 - Participation Loans – was updated as part of the August 2013 update. There is an additional correction to be included in this policy. The following verbiage (indicated with strikeout formatting) should be removed from Paragraph (1)(F)(i):

i. Loan Type: Will not exceed [[7430-4]]% of the Credit Union's net worth (not greater than 15% of the credit unions net worth).

This correction has been made in the Master model policy and the revised date has been updated on the policy.

What your credit union needs to do:

- 1. If this policy is not being used by your credit union at this time, no action is necessary. The model policy will be updated and correct if and when you move it to your Working Manual.
- 2. If this policy is in use by your credit union, please carefully review Paragraph (1)(F)(i) and remove the verbiage indicated above, or remove the old policy and bring in the updated policy in its entirety.

Because this revision is happening between updates, it will be also included as part of the next set of updates in December 2013.

Monthly OPS Notes Release: International Remittance Transfers

In January 2012, the Consumer Financial Protection Bureau (CFPB) published a final rule that implements the Electronic Fund Transfer Act's (Regulation E) provisions regarding International Remittance Transfers (IRTs). Since 2012 there have been several amendments and revisions to the remittance transfer rule. The effective date of the rule is October 28, 2013. In response to these new requirements a new International Remittance Transfer Policy was provided in last update of CU PolicyPro.

International Remittance Transfers are electronic transfers of funds that are more than \$15;

requested by a person in the United States, and sent to people or companies in foreign countries. Remittance Transfers, or IRTs, comprise many types of transfers, including international wire transfers, international ACH transactions, international bill-pay transactions and certain prepaid card transfers.

The international remittance transfer rule generally requires that members receive two disclosures:

- The first disclosure known as a pre-payment disclosure is given to the member before they pay for the remittance transfer. This disclosure must list the amount of money to be transferred, the exchange rate, certain fees including those collected by the credit union, taxes collected by the credit union, and the amount of money expected to be delivered abroad. Disclosure of foreign taxes and certain recipient institution fees is optional, based on a recent amendment to the rule.
- A credit union must also provide a receipt when payment is made. The receipt must repeat the information in the pre-payment disclosure and must also tell the member the date the recipient will receive the money, in addition to other specific information.

If an error was made in the pre-payment disclosure a corrected disclosure must be given with the receipt.

Generally, all disclosed amounts must be exact. However, there are several exceptions that allow providers to estimate the applicable exchange rate, back-end fees and taxes, and total funds to be received. These exceptions include a temporary exception for credit unions, and permanent exceptions for transfers to certain countries - and for certain back-end fees and taxes that are not otherwise required to be disclosed.

For the exception to apply; the transfer must come from the member's account and the credit union must be unable to determine exact amounts. For example, you may not be able to determine the exchange rate if it is set by the designated recipient's institution, and you have no relationship with that institution.

If estimates are permitted, you must use the methods described in the rule for determining estimated amounts. These exceptions are limited and temporary and will only be available for qualified transfers through July 21, 2015.

The rule provides many options for delivering disclosures. Generally the disclosures must be provided in writing, but can be delivered electronically if the sender requests the transfer electronically. There are even guidelines for mobile disclosures in the rules. The disclosures can also be delivered orally; but if you are providing electronic, mobile or oral disclosures it will be important for you to review the regulation to ensure you meet the strict requirements for delivering disclosures in these manners.

The IRT rule also provides detailed requirements a credit union must follow if an error occurs on a members transfer. A member has 180 days to notify the credit union of an error. An

error includes:

- An incorrect amount paid by a member in connection with the remittance transfer, such as being charged more than the total shown on the receipt;
- A computational or bookkeeping error made by the credit union relating to the remittance transfer, such as miscalculating the amount the recipient will receive;
- Failure to make available to a designated recipient the amount of currency disclosed to the member; and
- Failure to make funds available by the disclosed date of availability (including the nondelivery of funds).

If an error occurs the credit union must:

- Investigate the error and make a determination with 90 days;
- Within 3 business days of completing the investigation report the result of the investigation; and
- If an error did occur correct the error within 1 business day, or as soon as reasonably practicable.

Generally, if an error occurs the credit union has two options: refund or redelivery. The refund would be made of the amount of funds that was not properly transmitted or delivered to the designated recipient. Alternatively, the sender can require redelivery of the amount appropriate to resolve the error at no additional cost to the sender.

One of the recent amendments to the International Remittance Transfer rule was a limitation on the credit unions liability if the member provides incorrect routing and account number information. These general error provisions require five conditions for the new exception to apply:

- The credit union has to demonstrate that the member provided an incorrect recipient institution identifier;
- For institution identifier errors, the credit union has used reasonable means to verify the identifier;
- The credit union gave the appropriate notice to the member;
- The funds were deposited into the wrong account; and
- The credit union used reasonable efforts to attempt to recover the funds.

The CFPB did provide an exemption to the rule. Credit unions are exempt from the requirements if they provided 100 or fewer remittance transfers in the previous calendar year; and provide 100 or fewer remittance transfers in the current calendar year. If your credit union gets to a point where it provides more than 100 IRTs in a calendar year the rules

give you a reasonable period of time, not to exceed six months, to begin complying with the regulation.

This edition of OPS NOTES was prepared by the Michigan Credit Union League.

Questions?

If you have any questions regarding the CU PolicyPro content, or questions on how to use the system, please contact https://example.com.

If this information was forwarded to you, and you'd like to be on the distribution list to receive information and updates related to CU PolicyPro, contact hrsupport@cusolutionsgroup.com.

Thanks and have a great week!