



## **OPERATIONS POLICIES**

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# CONNECTIONS CREDIT UNION OPERATIONS POLICIES HANDBOOK

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## SECTION A: BANK SECRECY ACT

### A-1 Bank Secrecy Act Policy

#### Designation of Bank Secrecy Act Compliance Officer

It is the purpose of these policies, in conjunction with related credit union procedures, to ensure that Connections Credit Union operates in compliance with the federal Bank Secrecy Act (BSA), the Money Laundering Control Act (MLCA) and the USA PATRIOT Act's customer identification program and information sharing requirements, and their implementing regulations.

#### Designation of Bank Secrecy Act Compliance Officer

The Executive Vice President (EVP) for Connections Credit Union will assume the responsibilities of the BSA Compliance Officer. Responsibilities include:

- BSA reports are filed in a timely manner
- Account-opening procedures comply with CIP requirements
- Appropriate employee training is provided
- Annual BSA auditing is performed as required
- Records are retained as required by the BSA

#### 1a. Member and Non-Member Customer Identification

Connections Credit Union is adopting this policy and its implementing procedures to comply with the Member and Customer Identification Program (CIP) requirements for identifying individuals and entities establishing accounts.

Connections Credit Union's CIP program consists of this Board-approved policy as well as procedures established by management that at a minimum includes:

- Verifying the identity of any member or customer seeking to open an account. Refer to the Standard Operating Procedure (SOP) handbook
- Maintaining records of the information used to verify identity, using either unexpired U.S. government-issued documents or non-documentary verification methods; and
- Determining whether the customer appears on any government list provided to the credit union by federal agencies

In formulating procedures that factor in the level of risk the credit union faces in opening an account for an individual or business, management will take into consideration the types of accounts the credit union offers, methods of establishing accounts, and verification procedures. Procedures will identify what documentary and non-documentary evidence of identity will be acceptable for compliance purposes.

For purposes of the CIP, accounts include all formal account relationships established, whether established as share, share draft, certificate, or other savings account, as well as loan account relationships. New members establishing any type of account on or after October 1, 2003 will be subject to the CIP procedures. The term customer includes non-member joint owners, non-member co-borrowers or any other individual or entity (business, corporation, trust,

partnership) establishing a formal account relationship with Connections Credit Union who will not be a member.

Connections Credit Union will require that every new member provide a name, date of birth, physical address, and identification number prior to opening any account. Connections Credit Union will maintain this information for five years after the account is closed. Connections Credit Union will take reasonable steps to verify this information through documentary or non-documentary verification methods as specified in the credit union's CIP procedures.

Connections Credit Union's CIP program will require additional verification for individuals whose true identity cannot be verified using the standard verification methods. Connections Credit Union will not open a new account if it cannot verify a member's identity.

Before opening an account, potential members and new customers will be advised of the Connections Credit Union's CIP program through the appropriate notice as specified in the implementing procedures.

Connections Credit Union believes that it has a reasonable basis to assume that members of record as of October 1, 2003 are known to the credit union. If events occur that raise questions as to whether the credit union knows the true identity of a person, the credit union will seek to verify the person's identity, as set forth in the CIP procedures.

## **1b. Beneficial Owners of Legal Entity Members**

To help the government fight financial crime, effective May 2018, the federal regulations require Connections Credit Union to obtain, verify, and record information about the beneficial owners of legal entity members. A legal entity includes a corporation, limited liability company, or other entity that is created by filing a public document with a Secretary of State or similar office, a general partnership, and any similar business entity formed in the United States. Legal entity does not include sole proprietorships, unincorporated associations, or natural persons opening account on their own behalf.

Connections Credit Union is required to obtain the name, physical address, date of birth, and social security number (or passport number) for each individual, if any, who owns, directly or indirectly, 25 percent or more of the equity interest of the legal entity member and an individual with significant responsibility for managing the legal entity member (e.g. CEO, COO, CFO). This information will be obtained using the Certificate of Beneficial Owners form regardless of whether or not these individuals will be signers on the account.

## **1c. Reporting Requirements**

### **aa. Currency Transaction Reports**

Connections Credit Union will file a Currency Transaction Report (CTR) with the IRS within 15 days of a transaction for each deposit, withdrawal, or exchange of currency or other payment or transfer by, through, or to the credit union, which involves a transaction in currency of more than \$10,000.00 (unless the transaction is expressly

exempted from this requirement). No CTR will be filed for a transaction involving an exempt person acting within the scope of his exemption.

Connections Credit Union will treat multiple currency transactions as a single transaction if the credit union has knowledge that the transactions are by, or on behalf of, any one person (structuring) and results in either cash in or cash out totaling more than \$10,000.00 during any one business day. Employees are expressly prohibited from assisting members with the structuring of transactions.

#### **bb. Suspicious Activity Reports**

Connections Credit Union has procedures in place to ensure that suspicious financial transactions by any member are reported on a Suspicious Activity Report (SAR) to the Financial Crimes Enforcement Network (FinCEN) within 30 days, when appropriate.

Connections Credit Union will not give notice to any person involved in a transaction about which a SAR is being or was filed. Any person inquiring as to whether a SAR has been filed or restructures the transaction after asking whether a SAR was filed, will give Connections Credit Union sufficient basis for filing another SAR.

Connections Credit Union will file a SAR under the following circumstances:

- Violations aggregating \$5,000.00 or more: Any transaction involving \$5,000.00 or more must be reported if the credit union knows, suspects, or has reason to suspect that: Funds are derived from illegal activities; the transaction is used to evade these requirements under the Bank Secrecy Act; or the transaction has no business or apparent lawful purpose.
- Violations aggregating \$25,000.00 or more regardless of a potential suspect: A SAR must be filed for any known or suspected federal criminal violation, involving a transaction or transaction of \$25,000.00 or more in funds, even though there is no substantial basis for identifying a possible suspect or group of suspects.
- Insider abuse involving any amount: The credit union must file a SAR if there is insider abuse involving any amount. The SAR must be filed whenever the credit union detects any known or suspected Federal criminal violation, or pattern of criminal violations, committed or attempted against the credit union, where the credit union has a substantial basis for identifying an insider as having committed or aided in the commission of a criminal act regardless of the amount involved in the violation.
- Management will determine if there are other times when it is appropriate to file a SAR. Management will report to the Board at its next Board meeting about an SARs filed.

#### **cc. Report of International Transportation of Currency or Monetary Instruments**

Connections Credit Union will timely file a Currency or Monetary Instrument Report (CMIR) if it physically transports, mails, or ships, or causes to be physically transported,

mailed, or shipped currency and/or monetary instruments in excess of \$10,000.00 at one time into or out of the United States.

Connections Credit Union will file a CMIR if it receives currency and/or monetary instruments in excess of \$10,000.00 at one time which have been transported, mailed, or shipped to the credit union by a member from outside the United States, except if the transfer of funds are through normal banking procedures which does not involve the physical transportation of currency or monetary instruments.

## 1d. Record Retention

### **aa. Reports and Records**

Connections Credit Union will maintain copies of all required records and reports filed pursuant to the BSA, and any supporting documentation for a period of at least five years from the date the record is made, and report is filed.

There may be instances when the Secretary of the Treasury will require financial institutions within a geographic area to maintain special records with respect to currency transactions. Connections Credit Union will conform to any such geographic targeting order and maintain records of any geographic targeting order for as long as specified in the order, not to exceed five years.

### **bb. Monetary Instruments and Wire Transfers**

Connections Credit Union will record and maintain a record of all purchases in currency of monetary instruments with a value between \$3,000.00 and \$10,000.00, and information about wire transfers as required by the BSA.

### **cc. Loans over \$10,000.00**

Connections Credit Union will maintain a record of each extension of credit, other than loans secured by real estate, over \$10,000.00 that includes the member's name, address, amount of transaction, date of transaction, and purpose of loan.

### **dd. Transfers of Currency or Monetary Instruments**

Connections Credit Union will maintain records of each advance, request, or instruction regarding the transfer of currency, other monetary instruments, funds, checks, investment securities, or credit of over \$10,000.00 to or from any person, account, or place outside the U.S.

### **ee. Other Records to Maintain**

Connections Credit Union will retain either the original or a copy or reproduction of all records required by the BSA, including:

- Each membership card.
- Each statement or other record on each deposit or share account, showing each transaction made on that account.



- Each check, draft, money order, debit, deposit slip, or credit ticket for more than \$100.00 drawn on the credit union or issued and payable by it.
- Records in the ordinary course of business which would be needed for the credit union to reconstruct a transaction (checking) account and to trace a check in excess of \$100.00 deposited in such account through its domestic processing system, or to supply a description of a deposited check in excess of \$100.00.

#### **ff. Customer Identification Program (CIP)**

Connections Credit Union will make and maintain a record of all required information it receives from its members when complying with its CIP procedures. The records will include a description of any document the credit union relied upon for compliance purposes.

Connections Credit Union will retain the information it receives from its members for five years after the date the account is closed. Connections Credit Union will keep the information it records when verifying a member's identity for five years after the record is made, including a description of any document that was relied on to verify its member's identity; any identification number in the document; the place the document was issued; and the date of issuance and expiration date, if any. Connections Credit Union will also keep a description of the methods and the results of any non-documentary measures undertaken to verify the identity of the member and a description of the resolution of any substantive discrepancy discovered when verifying the identifying information obtained.

#### **1e. Monitoring Government Lists**

Connections Credit Union will maintain procedures for determining whether any party to any transaction processed by the credit union appears on the Office of Foreign Assets Control's Specially Designated Nationals (SDN) and Blocked Persons List. The credit union will block the account or reject the transaction of any individual appearing on that list in accordance with instruction from OFAC.

Connections Credit Union will respond in a timely manner to any request for information submitted by the Financial Crimes Enforcement Network (FinCEN) in order to further law enforcement agencies' investigation of suspected terrorists or money launderers.

Connections Credit Union will maintain procedures for determining whether a member appears on any list of known or suspected terrorists or terrorist organizations issued by any federal agency and designated as a CIP Section 326 List by the Treasury or other agencies.

#### **1f. Employee Training**

Connections Credit Union has developed and implemented a training program, which ensures that all employees are trained in procedures relating to the BSA and this policy.

The BSA Compliance Officer is the EVP and will be responsible for ensuring that all appropriate personnel are aware of their responsibilities in conjunction with administering the BSA program.

## 1g. BSA Audit

Connections Credit Union shall conduct an annual internal or Supervisory audit, to verify its system of internal controls and test for ongoing compliance with the BSA procedures. Copies of the audit will be signed, dated, and maintained for review by the NCUA examiners, with copies sent to the Executive Management Team, the BSA Compliance Officer, and the Supervisory Committee.

## A-2 Customer Identification Policy

Connections Credit Union is adopting this policy to comply with the requirements of the USA PATRIOT Act and its implementing regulations to establish the identity of individuals and entities opening accounts at the credit union.

Connections Credit Union's Member and Customer Identification Program (CIP) will consist of this Board-approved policy as well as procedures established by management that at a minimum will include:

- Verifying the identity of any member seeking to open an account.
- Maintaining records of the information used to verify identity, using either unexpired U.S. government-issued documents or non-documentary verification methods; and
- Determining whether the customer appears on any government list provided to the credit union by federal agencies when these federal lists are issued.

In formulating and maintaining appropriate procedures, management will take into consideration the types of accounts offered, the method of establishing accounts, and the credit union's field of membership, to determine what level of risk the credit union feels it has in opening accounts. Procedures will establish what documents and non-documentary information are to be relied upon to verify identity.

For purposes of the CIP, accounts include all formal account relationships established, whether established as share, share draft, certificate, or other savings account, as well as loan account relationships. New members establishing any type of account on or after October 1, 2003 will be subject to the CIP procedures. The term customer includes non-member joint owners, non-member co-borrowers, or any other individual or entity (business, corporation, trust, partnership) establishing a formal account relationship with Connections Credit Union who will not be a member.

Connections Credit Union will require that every new member or customer provide a name, date of birth, physical address, and identification number prior to opening any account. Connections Credit Union will maintain this information for five years after the account is closed. Connections Credit Union will take reasonable steps to verify this information through documentary or non-documentary verification methods as required by the Treasury Department's CIP regulations. The verification methods Connections Credit Union will accept are specified in Connections' CIP procedures, and the description of documents reviewed, and the verification methods used will be maintained for five years after the description is recorded.

Connections Credit Union's CIP program will require additional verification for individuals whose true identity cannot be verified using the standard verification methods. Connections Credit Union will not open a new account if it cannot verify a member's identity.

The Bank Secrecy Act officer is responsible for maintaining ongoing compliance with the PATRIOT Act requirements and its implementing regulation. Appropriate employees will be adequately trained on BSA and CIP requirements.

An annual internal or supervisory audit of CIP compliance will be conducted.

Before opening an account, potential members and new customers will be advised of the credit union's CIP program through the appropriate notice as specified in the implementing procedures.

Connections Credit Union believes that it has a reasonable basis to assume that members and customers of record as of October 1, 2003 are known to the credit union. If events occur that raise questions as to whether the credit union knows the true identity of a person, the credit union will seek to verify the person's identity, as called for in the CIP procedures.

## **2a. Beneficial Owners of Legal Entity Customers**

To help the government fight financial crime, effective May 2018, the federal regulation requires Connections Credit Union to obtain, verify, and record information about the beneficial owners of legal entity members. A legal entity includes a corporation, limited liability company, or other entity that is created by filing a public document with a Secretary of State or similar office, a general partnership, and any similar business entity formed in the United States. Legal entity does not include sole proprietorships, unincorporated associations, or natural persons opening account on their own behalf.

Connections Credit Union is required to obtain the name, physical address, date of birth, and social security number (or passport number) for each individual, if any, who owns, directly or indirectly, 25 percent or more of the equity interest of the legal entity member and an individual with significant responsibility for managing the legal entity member (e.g. CEO, COO, CFO). This information will be obtained using the Certificate of Beneficial Owners form regardless of whether these individuals will be signers on the account.

## **2b. Purpose of the Member and Customer Identification Program (CIP)**

This program is designed to assure Connections Credit Union's compliance with the USA PATRIOT Act and the implementing regulatory requirements of the U.S. Treasury Department and the National Credit Union Administration to assist in preventing and tracking money laundering and terrorism financing activities. These procedures implement the policy adopted by Connections' Board of Directors. Connections Credit Union will take reasonable and practical steps to verify the identity of people who open accounts with the credit union.

## **2c. Coverage**

These CIP procedures will apply after October 1, 2003 to anyone establishing a formal relationship with Connections Credit Union to provide services, or engage in other financial

transactions that include share, share draft, certificate, or other accounts, as well as loan account relationships.

The term customer as used in this program refers to anyone establishing an account relationship with Connections Credit Union, including members, non-member joint owners, non-member co-borrowers or any other individual or entity (business, corporation, trust, partnership) establishing a formal account relationship with Connections Credit Union. The term customer also refers to the individual who opens an account for a minor lacking legal capacity or for an entity that is not a legal person, such as a club account or temporary fundraising accounts.

If events occur that raise questions about the true identity of an existing member or customer, Connections Credit Union will follow these procedures to verify the person's identity.

## 2d. Collection of Information from Individuals

Information Required: Connections Credit Union requires the following information be provided by each individual member or customer before opening an account with the credit union:

- Name
- Residential or business street address, plus a mailing address if different than the residential or business street address, such as an APO or FPO box number for members of the military
- Date of birth
- Identification number, which will be a Social Security number for U.S. citizens. For permanent resident aliens it could be an ITIN along with their resident alien card and/or a work Visa.

## 2e. Verification of the Identity of Individuals

### aa. For accounts opened in person:

Connections Credit Union will verify the identity of a new member by examining the following unexpired U.S. government issued documents bearing a photo: Driver's license, Identification card, or a permanent resident alien card. A copy of the identification used will be filed with the membership card for permanent retention. If the document presented for purposes of identification is not one the employee who opens accounts is familiar with, the account will not be available until confirmation of the identification and identity of the member is established. If accepted, a copy of the document used for identification will be filed with the membership card for permanent retention.

### bb. For accounts opened for Minors:

Connections Credit Union will require one of the following to verify the identity of a minor:

- Copy of the birth certificate
- Copy of the social security card

- Copy of a school ID card

Copies of the identification used will be filed with the membership card for permanent retention. A parent or guardian must be a joint owner on a minor's account. The same requirements for new members will apply for the joint owners.

**cc. For accounts opened with the person not present at the credit union:**

Accounts may, from time to time be opened by members not present at the credit union. This would include new accounts opened at remote membership drives, accounts opened by mail, or at employer offices, by sponsor employees, or through the indirect lending program. The same requirements as members in person will apply for the new member, joint owners, and non-member joint owners.

**dd. Discrepancies with information provided:**

Connections Credit Union will seek to resolve any substantial discrepancies discovered when verifying the identifying information obtained from a person and will record the description and results of any measures used to resolve those discrepancies.

## 2f. Business Accounts

**aa. Information collected on businesses:**

The following information is collected from a business (sole proprietorship, partnership, or corporation) and other non-natural person entity, such as an association or trust, opening its first account at Connections Credit Union:

- Name
- Address (principal place of business and mailing address)
- Employer Identification Number (EIN)

**bb. Verification of the identity of the business:**

Before opening an account for a business, Connections Credit Union requires a copy of the EIN, and a copy of the business license that will verify the existence of the business. A copy of the identification used will be filed with the membership card for permanent retention.

**cc. Verification of individual owners and signatories:**

Connections Credit Union will always obtain information about individuals with authority or control over the new account of the business. Verification of individuals connected with the business will be done just as with any new account described above, and copies of the identification will be filed with the membership card for permanent retention.

**dd. Accounts opened prior to verification:**

Connections Credit Union does not open any business account before the verification procedure is completed. Loans will require an individual guarantee.

**ee. Discrepancies with information provided and employee concerns:**

Connections Credit Union will seek to resolve any substantive discrepancies discovered when verifying the identifying information obtained from a business and will record the description and results of any measures used to resolve those discrepancies. If at any time employees opening accounts have reason to believe that the identity of the business is in question, they are to bring this concern to the attention of their supervisor for consideration or action not to open the account or to close the account.

### **A-3 OFAC Check/FinCEN Reports**

Connections Credit Union requires each individual opening a new account, those being added as a joint owner on an existing account, or loan to be checked against the OFAC list. Our core software system, Forza, automatically checks the names against the OFAC list when entered into the system, or if changes are made. Information entered into Forza include the following:

- Social Security Number/EIN
- Name
- Address
- County
- Date of Birth
- Home Phone Number
- Driver's License Number

Each employee has his/her login to Forza. If any match comes up from the OFAC check, the employee will investigate the reason for the failure. If appropriate, the employee may override the failure with appropriate documentation and open the account.

Biweekly, the EVP receives emails from FinCEN for the 314(a)-case information. This information is imported into Forza to verify if any Connections Credit Union member is a match to this report. All positive matches should be reported to FinCEN through Secure Information Sharing System (SISS). All results from this verification are maintained at the credit union for permanent retention.

#### **3a. Filing Suspicious Activity Reports**

Connections Credit Union complies with mandatory requirements in law and regulation to file suspicious activity reports (SARs). Employees that open accounts are required to bring to the attention of their supervisor or the BSA compliance officer, any concerns about suspicious activities of people or businesses seeking to join or open an account at the credit union. Connections Credit Union will consider filing an SAR when a person presents a document for identification that looks fraudulent.

#### **3b. Record Retention**

**aa. Information Collected:**

The information required from the individual and business accountholders (name, date of birth, physical address, identification number and any other information collected

under these procedures) will be retained for five years after the account is closed. The information will be kept with the membership cards scanned to our core software provider.

**bb. Verification descriptions:**

Records on the descriptions of any document (including type of documents, identification number, place of issuance and, if any, date of issuance and expiration), description of non-documentary methods used, and descriptions of any resolution of substantive discrepancies found when verifying an identity will be retained for five years after the account is opened. This information will be maintained with the membership cards scanned to our core software provider.

**3c. CIP Notice**

Connections Credit Union will notify new members and customers about the credit union's CIP policy by providing lobby posters next to the new accounts area in each branch, as well as a CIP notice in the new account packet.

**3d. Annual Audit**

Connections Credit Union will have an annual audit conducted internally or by the Supervisory Committee to determine whether the requirements of the customer identification program are being met.

**3e. Training**

All Connections Credit Union employees, Board of Directors, and Supervisory Committee members will be required to participate in annual Bank Secrecy Act training, including customer identification program requirements and procedures. Evidence of participation will be retained for audit purposes. Appropriate training material will be determined by the BSA officer for the employees and volunteers.

**SECTION B: IDENTITY THEFT RED FLAGS**

**B-1 Identity Theft Red Flags/Address Discrepancy Policy (FACT Act)**

It is the purpose of this policy, in conjunction with related credit union procedures, to ensure that Connections Credit Union operates in compliance with the Fair and Accurate Credit Transaction Act (FACT Act) of 2003.

**B-2 Terms/Definitions**

*Identity Theft:*

A fraud committed or attempted using the identifying information of another person without authority. Identifying information includes: name, social security number, date of birth, official State or government issued identification (driver's license, passport), employer or taxpayer identification number, etc.

*Covered Account:*

- 1) An account that the credit union offers or maintains primarily for personal, family, or household purposes that involves or permits multiple payments or transactions.
- 2) Any other account that is offered or maintained in which there is a reasonably foreseeable risk to members or to the safety and soundness of the credit union from identity theft.

*Red Flag:*

A pattern, practice, or specific activity that indicates the possible existence of identity theft.

This regulation is divided into three sections and addresses the following conditions:

- **Section 1:** Requires financial institutions to develop and implement a written Identity Theft Prevention Program to detect, prevent, and mitigate identity theft.
- **Section 2:** Requires institutions that issue credit and/or debit cards to assess the validity of a change of address when there is also a request for an additional or replacement card within a short period of time.
- **Section 3:** Requires users of consumer reports who receive a notice of an address discrepancy from a credit bureau to have procedures in place to form a reasonable belief of the consumer's identity.

### **B-3 Red Flag Regulations and Guidelines**

The policy of Connections Credit Union is to use reasonable means to 1) Identify relevant Red Flags for covered accounts and incorporate those Red Flags into the program. 2) Detect Red Flags that have been incorporated into the program. 3) Respond appropriately to any Red Flags that are detected to prevent and mitigate identity theft. 4) Ensure the program is updated periodically, to reflect changes in risks to members or to the safety and soundness of the credit union.

For the purposes of this policy, covered accounts will include: all savings, club accounts, and checking accounts, all loans including mortgages and home equity loans.

In order to accomplish the identification, detection, and prevention of identity theft, the credit union will incorporate its Customer Identification Program (CIP), Information Security Program, SAR filings, and any previous experience with identity theft.

#### **Identifying Red Flags**

The following factors will be considered when determining which Red Flags may be relevant:

- The types of covered accounts offered and/or maintained
- The procedure used to open these covered accounts
- The procedure used to access these covered accounts
- Previous experience with identity theft

The following sources will be used to help identify Red Flags:

- Previous experience with identity theft
- Changes in the methods of identity theft that change the risk level
- Applicable supervisory guidance



## **Detecting Red Flags**

Connections Credit Union will address Red Flags in connection with opening a covered account by obtaining and verifying information about the identity of a person opening a covered account (using the existing CIP policy). The credit union will address the detection of Red Flags for existing covered accounts by authenticating members, monitoring transactions, and verifying the validity of change of address requests. Refer to SOP handbook for identifying members.

## **Examples of Red Flags**

The credit union will monitor activity for the detection of the following examples of Red Flags. The credit union will periodically update this list as new experiences arise.

### **Alerts, Notifications, or Warnings from Credit Bureaus**

- A fraud or active duty alert is included with a credit report
- A credit bureau provides a notice of credit freeze in response to a request for a credit report
- A credit bureau provides a notice of address discrepancy
- A credit report indicates a pattern of activity that is inconsistent with the history or normal pattern of activity associated with the member such as:
  - 1) A recent and significant increase in the number of inquiries
  - 2) An unusual number of recently established credit relationships
  - 3) A material change in the use of credit, especially with respect to recently established credit relationships
  - 4) An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor

### **Suspicious Documents**

- Documents provided for identification appear to be forged or altered
- The photograph, description of the person, or other information on the identification is inconsistent with the appearance of the person who is presenting the identification
- Other information on the identification is not consistent with the information on the identification provided by the person when the account is opened or by the person presenting the identification
- Other information provided is inconsistent with information on file with the credit union such as the membership card or recent check
- An application appears to be altered or destroyed and reassembled.

### **Suspicious Personal Identifying Information**

Personal information provided is inconsistent when compared to external information sources such as:

- The address does not match any address in the credit report
- The Social Security Number has not been issued, or listed on the Social Security Administration's Death Master File
  - 1) Personal identifying information provided by the member is inconsistent with other personal identifying information provided by the member. (i.e. SSN is inconsistent with the date of birth)
  - 2) Personal information provided that has also been provided on a fraudulent application

- 3) Personal information provided is of a type commonly associated with fraudulent activity such as a fictitious address (i.e. mail drop or a prison) or invalid phone number (i.e. pager or answering service)
- 4) The address, SSN, and/or phone numbers have been submitted by other members
- 5) The person opening the covered account fails to provide all required information on an application
- 6) Personal information is inconsistent with information on file with the credit union
- 7) For those accounts with a password associated with it, the member cannot provide authenticating information beyond what would generally be available from a wallet or credit report

**Unusual Use of or Suspicious Activity**

- Shortly after a notice for a change of address, the credit union receives a request for a new, additional, or replacement debit card, or a request to add authorized users to an account
- A revolving credit account is used in a manner commonly associated with known patterns of fraud, or the member fails to make payments
- An account is used in a manner inconsistent with established patterns of activity such as:
  - 1) Nonpayment when there is no history of late or missing payments
  - 2) A significant increase in the use of available credit
  - 3) A material change in purchasing or spending patterns
  - 4) A significant change in electronic fund transfer patterns
- An account that has been dormant for a reasonable lengthy period of time starts to be used
- Mail sent to a member is returned repeatedly as undeliverable even though transactions on the account continue to be conducted
- The credit union is notified that the member is not receiving paper account statements
- The credit union is notified of unauthorized charges or transaction on their account
- Notice from members, victims of identity theft, or law enforcement regarding possible identity theft on a covered account held by the credit union.

**Administration of the Program**

This program was initially approved by the Board of Directors at the September 2008 board meeting held at the Oak St. branch of the credit union. The EVP will be designated to implement, administer, and oversee the program. The credit union will train the employees as necessary, at least annually at the Employee Training Session to effectively implement the program.

**Service Providers**

If a service provider is used in association with covered accounts, the credit union will ensure that the activity of the service provider is in accordance with this policy and any related procedures.

**B-4 Special Rules for Card Issuers**

As a card issuer for debit, credit, and ATM cards, Connections Credit Union will not issue an additional or replacement card if such a request is received within 60 days after receiving notification of a change of address for that account unless the credit union does the following:

- Notifies the member of the request either at the cardholder's former address, or by any other means of communication agreed upon, and provides the member with a reasonable means of promptly reporting incorrect address changes
- Otherwise assess the validity of the change of address in accordance with the credit union's policies and procedures

Any written or electronic notice that is provided to the member under these rules will be clear and conspicuous and sent separately from any regular correspondence. Verbal notice may also be provided if the member can reasonably be authenticated.

The credit union will validate any address change notification pursuant to related procedures prior to any request for additional or replacement cards.

These rules apply only to debit, credit, and ATM cards. They do not apply to gift cards or other prepaid card products.

## **B-5 Duties of Credit Report Users Regarding Address Discrepancies**

As a user of credit report information, Connections Credit Union will compare the information in the credit report with the information that is:

- Obtained and used to verify the member's identity in accordance with the CIP rules under the Patriot Act
- Maintained in our own records such as our Member Services database, membership card, applications, change of address notifications
- Obtained from a third-party source

The credit union will also compare the information from the credit report with the member for accuracy.

The credit union will also use reasonable procedures for furnishing to the credit bureaus from which it received a notice of address discrepancy:

- When we can form a reasonable belief that the report relates to the member for whom the report was requested for
- When a continuing relationship is established with the member
- In regular and ordinary course of business furnishes information to the credit bureau that sent the notice of address discrepancy

The credit union may reasonably confirm that an address is correct by any of the following methods:

- Verifying the address with the member
- Reviewing our own records to verify the address of the member
- Verifying the address through third party sources
- Using other reasonable means

The credit union will provide the member's address that we have reasonably verified to the credit bureaus as part of the information we regularly send for the reporting period in which the relationship was established with the member.

## SECTION C: TRUTH IN SAVINGS

### C-1 Truth in Savings Act

The Truth In Savings Act was enacted in December 1991 as part of the federal Deposit Insurance Corporation Improvement Act. The National Credit Union Administration adopted the Truth In Savings Regulations for Credit Unions. The following policy and procedure specifies how Connections Credit Union will comply with the regulation. Connections Credit Union will cooperate with NCUA to enforce the regulation and monitor ongoing compliance.

### C-2 Account Earnings

The regulation requires that dividend earnings on each dividend bearing account be computed on the full amount of principal in the account each day for the dividend calculation period.

#### Balance Computation Method

- Connections Credit Union will use a daily balance method to compute dividends on all deposit accounts including IRA's and Certificates of Deposit.
- The account disclosures will specify the method used for each particular account.

### C-3 Account Earnings on Closed Accounts

With the exception of IRA's and Certificates, accrued but un-credited dividends will not be paid if a member closes an account prior to the time accrued dividends would be credited to the account.

#### Dividend Accrual

- Dividends will begin accruing when cash items are deposited.
- Dividends will accrue for non-cash items on the day of deposit.

#### Daily Dividend Rate

Connections Credit Union shall calculate dividends by use of a daily rate of at least 1/365 of the dividend rate. In a leap year, a daily rate of 1/366 will be used.

#### Rate Information

*Annual Percentage Yield (APY):* The annual percentage yield is an annualized rate that reflects the relationship between the amount of dividends earned on the account and the frequency of compounding for a 365 day period.

*APY Formula:* The formula used to calculate the APY for purposes of responding to rate inquiries, providing maturity and renewal notices, and advertising disclosures is set forth in Appendix A, Part I, to the NCUA Truth In Savings Regulation. The formula used to calculate the APY for periodic statements is set forth in Appendix A, Part II, to the NCUA Truth In Savings Regulation.

*APY Calculation:* For purposes of Connections Credit Union's TIS Account Disclosures, the APY calculation will be based on: (i) an assumed term of 365 days for accounts without a stated maturity; and (ii) the actual days during the term for time accounts and Christmas Club accounts with a maturity date or time requirement.

*Dividend Rate:* The dividend rate means the declared or prospective or anticipated dividend rate to be paid on an account which does not reflect compounding. Connections Credit Union sets dividend rates

on the following basis: Rates are set at monthly board meetings. New rates are effective the first day of the next month.

#### **C-4 Responding to Rate Inquiries**

Connections Credit Union will provide members and potential members with oral rate information upon any rate inquiry received by Connections Credit Union employees on credit union premises.

##### **Content**

The oral rate information will include timely and accurate rate information as follows:

- Annual percentage yield for account inquired
- Dividend rate for account inquired
- For time accounts (and interest-bearing accounts) the effective date of the rate and Connections Credit Union's telephone number for members to call.

##### **Accuracy**

The APY and dividend rates will be accurate according to Connections Credit Union's rate setting method.

##### **Delivery**

All employees will be responsible for handling rate inquiries following the correct policy and procedures.

#### **C-5 Account Disclosures**

Truth In Savings disclosures for each of Connections Credit Union's accounts will be furnished to members and potential members upon (i) opening of an account; and (ii) upon a member or potential member's request for account disclosures to any Connections Credit Union employee by mail, in person, or by telephone request.

##### **Account Opening Documents**

Upon opening any account, members will be furnished with a membership and account agreement, a funds availability policy disclosure and TIS account disclosure (rate and fee disclosure).

- Members opening accounts in person will be given the Account Opening Documents before the account is opened.
- Members not present when opening accounts will be sent Account Opening Documents no later than 20 calendar days after the account is opened.

##### **Account Disclosures Upon Request**

Members and potential members will be furnished TIS Account Disclosures (Rate and Fee schedule) upon request.

- Members and potential members requesting TIS Account Disclosures by phone or by mail will be mailed a Rate and Fee schedule within three business days after the business day of the request. Members and potential members requesting TIS Account disclosures in person will receive the Rate and Fee schedule as soon as possible after the request.

## Format of Disclosure

The TIS Account Disclosure information will be printed in a Rate Schedule that is clear and conspicuous. The rate schedule will contain TIS account disclosures for all accounts. The rate schedule will be printed separately from the fee schedule.

## Content of Disclosures

The rate and fee schedule provided to members will include the following account rate information, terms, and fees for each account, as applicable:

- Annual Percentage Yield
- Dividend Rate
  - 1) Fixed rate accounts. Fixed rate accounts state that a minimum 30 day calendar days' advance written notice of any rate decrease will be provided before the effective date of the change. The fixed rate period will be stated.
  - 2) All deposit accounts with the exception of time accounts are considered variable.
- The TIS Account disclosures for variable rate accounts will state that the rate will be adjusted at the discretion of the Board of Directors of Connections Credit Union. Connections Credit Union reserves the right to change dividend rates at any time.
- Variable rate accounts have no rate change limitations
- Compounding and crediting frequency-The dividend period and frequency of compounding and crediting for each account shall be disclosed.
- Balance Information
  - 1) The minimum balance to open an account, avoid the imposition of fee, or obtain the APY will be disclosed.
  - 2) The balance computation method used for each account will be disclosed. Connections Credit Union uses the daily balance method for each account.
  - 3) The daily balance method means the application of a daily periodic rate for the full amount of principal in the account each day.
- Dividend Accrual Policy
  - 1) Accrued but un-credited dividends will not be paid if the account is closed prior to dividend crediting.
- Fees
  - 1) The fee schedule will show all account service fees and activity fees categorized for each account and a broad category of all other fees assessed for all accounts.
  - 2) The rate and/or fee schedule will include the amount and conditions for all fees to the extent known and required to be disclosed.
- Transaction Limitations
  - 1) Any limit on the number or dollar amounts of deposits to, withdrawals from an account for the applicable time period will be disclosed.
- The rate and/or fee schedule for time accounts and Christmas Club accounts will state:
  - 1) Term and maturity date
  - 2) Any early withdrawal penalties that may be imposed. Also, the conditions under which any early withdrawal penalty is assessed
  - 3) If dividends may be withdrawn, the fact that the APY assumes that dividends remain on deposit until maturity, and that withdrawal reduces earnings on the account

- 4) Renewal policies
  - i. Connections Credit Union's renewal policy
  - ii. Automatically renewable time accounts will have up to a 10-day grace period to withdraw or close the account.
- Bonuses: Any bonuses worth more than \$10.00 that are given to members will be disclosed including:
  - 1) The amount and type of bonus
  - 2) Any minimum balance or time requirement to obtain the bonus
  - 3) When the bonus will be paid

## C-6 Maturity and Renewal Notices for Time Accounts

Maturity notices will be provided to members nonrenewable time accounts. Renewal notices will be provided to members with automatically renewable accounts.

### Renewal Notices

#### Disclosure and delivery policy

- 1) For long term accounts, the renewal notice and current TIS account disclosure for all time accounts will be mailed or delivered to account holders at least 30 days before maturity.
- 2) For intermediate-term time accounts, the renewal notice will be mailed or delivered to account holders at least 30 days before maturity. Connections Credit Union may also provide the current TIS account disclosure.
- 3) For all time accounts, the renewal notice and current TIS account disclosure will be mailed or delivered to account holders at least 30 days before maturity.

### Contents of renewal notice

- 1) The renewal notice will contain the appropriate account disclosures specified in the regulation and a cross reference to the TIS account disclosure for time accounts.
- 2) The renewal notice will contain:
  - i. The date the existing account matures
  - ii. A statement that the rates have not yet been determined
  - iii. The maturity date of the renewed account
  - iv. The date when the dividend rate and APY will be determined
  - v. Connections Credit Union phone number to call for dividend rate and APY

## C-7 Change In Terms

Connections Credit Union will provide advance notice to members when there is a change in terms that reduces the annual percentage yield or otherwise adversely impacts the member. A change in terms notice is mailed to fixed rate account holders when rates are reduced on these accounts. No change in term notice will be delivered to accounts with variable rate adjustments or change in check printing costs.

### **Contents of change in terms notice**

When a term furnished in the TIS account disclosures is changed, we will deliver a notice to each affected account holder.

- The notice will describe the change in term and state the effective date of the change.
- The notice will be mailed at least 30 days before the effective date of the change.

## **C-8 Periodic Statements**

The regulation requires certain information to be included on or with each periodic statement to the extent a statement is provided. This requirement applies to all accounts that receive a statement on a regular basis four or more times a year.

### **Accounts Affected**

Periodic statement disclosures will be made available to existing and new member deposit accounts opened no later than the mandatory compliance date. Connections Credit Union will provide the required disclosure to all accounts.

### **Periodic Statement Disclosure**

Connections Credit Union's periodic statement will state the following for each affected account; the annual percentage yield earned, amount of dividend, fees, and length of statement period as applicable.

- The annual percentage yield earned (APYE) reflects the relationship between the actual dividends earned during the statement period and the average daily balance for the same period. It does not reflect any fees imposed, bonuses, or extraordinary dividends earned.
- Amount of dividends
  - 1) Dividends are calculated based on the number of days in the statement period.
  - 2) The dollar amount of dividends earned during the statement period will be the figure that is shown on the periodic statement.
  - 3) The daily balance method is used to calculate the amount of dividends for all deposit accounts.
- Any maintenance or activity fee assessed in connection with the account will be disclosed on the periodic statement. Such fees will be itemized by type and shown as incurred or as a total figure by type of fee.
- The length of statement period will be shown by disclosing the total number of days in the period, the beginning and the ending date for the period, or both.

## **C-9 Notice to Existing Accounts**

Connections Credit Union will inform existing account holders that they can request account disclosures.

- A one-time disclosure notice will be sent to existing account holders on or with the first periodic statement as of the effective date.
- Connections Credit Union's one-time disclosure notice furnished to all periodic statement account holders will be printed on a periodic statement.
- Any member who requests account disclosures will be furnished the applicable account disclosure(s) requested within a reasonable time, but no later than 3 business days after the business day the request was received.



## C-10 Advertising

Connections Credit Union will not make any misleading or inaccurate advertising. Advertising referring to a dividend rate or annual percentage yield will reflect additional disclosures in the advertisement.

### Advertising Disclosures

The statement of dividend rate or annual percentage yield will require the following items to be disclosed where appropriate in ads, solicitations, or announcements.

- The APY figure calculated for the account according to Appendix A, Part I of the regulation shown to two decimal places and rounded to the nearest one-hundredth of one percent. The accuracy tolerance is .05 above or below the correct rate.
- The period of time the APY is offered. Connections Credit Union's advertisements will state the rate currently offered "as of" a specified date.
- Any minimum balance required to earn the APY.
- Any minimum opening deposit if the amount is greater than the minimum necessary to earn the advertised APY.
- A statement of: "fees could reduce earnings on the account."
- For variable rate accounts, a statement that the rate may change after the account is opened.
- For time accounts, two additional disclosures will be shown:
  - 1) The minimum time or term requirement necessary to earn the APY, and
  - 2) A statement, if applicable, that an early withdrawal penalty may exist.

### Special Media Coverage

Only limited advertising disclosures will be provided when a dividend rate or annual percentage yield is mentioned in certain special media.

- Certain advertising disclosures are not required when using:
  - 1) Broadcast media
  - 2) Electronic media
  - 3) Outdoor media
  - 4) Telephone response machines
- For special media, only the following advertising disclosures are required:
  - 1) The minimum balance required
  - 2) The term for a time account
  - 3) Certain bonus disclosure if applicable
- For accounts advertised in Connections Credit Union's newsletter or on an inside sign, two required disclosures will be given:
  - 1) The newsletter or inside sign will disclose the APY of the advertised account.
  - 2) The ad or inside display will contain the statement: Ask an employee for further information about the fees and terms applicable to the advertised accounts.

### Oral Quotes

Any oral quotes provided to members or potential members will be expressed as an annual percentage yield with the optional information about the dividend rate. This covers, in-person, live telephone and recorded telephone rate quotes given in response to a rate inquiry.

## Regulatory Compliance

All advertising, support material and sales activities of Connections Credit Union will comply with all applicable federal and state regulations.

### C-11 Controls

Management controls have been implemented to monitor Truth In Savings compliance and protect inadvertent and unintentional errors.

- The compliance officer will monitor compliance and report to the Board annually on the effectiveness of Connections Credit Union's Truth in Savings compliance efforts.
- The compliance officer is responsible for coordinating and monitoring interdepartmental compliance. The compliance officer will:
  - 1) Develop policies and procedures to ensure compliance with the NCUA Truth In savings regulations.
  - 2) Follow and implement policies or procedures for any changes to the Truth In Savings regulation
  - 3) Assist all employees regarding interpreting and implementing the Truth In Savings regulation
  - 4) Routinely check all disclosure responsibilities and disclosure statements to determine the level of compliance
  - 5) Periodically check advertisements to determine the level of compliance.
  - 6) Routinely check TIS account disclosures to confirm current and accurate rate information
  - 7) Coordinate an annual Credit Union wide review of Truth In Savings compliance
  - 8) Engage a third party service to conduct a Truth In Savings regulation annual review
  - 9) Report annual compliance findings to the Board
  - 10) Update the Truth In Savings regulation policy and procedures as required.

### C-12 Training

Connections Credit Union will provide ongoing training to ensure compliance with Truth In Savings.

- Annual training will be conducted for member service employees who furnish member account information to members and potential members.
- Periodic training will be provided to support functions such as operations and data processing when needed.
- The annual third-party review finding will provide the facts and information to determine if support training is needed.

### C-13 Record Retention

Connections Credit Union's record retention policy incorporates the specific requirements of the Truth In Savings regulation. The record retention policy specifies how long documents are retained, where they are stored, who has access to the records and when they are destroyed.

- Copies of all printed advertisements and the text or tapes of broadcast or electronic advertisements must be kept for two years.

- Microfiche, microfilm, or other copies of periodic statements will be kept for two years.
- TIS account disclosures will be retained in disclosure log to demonstrate compliance. Copies of each disclosure given to member will not be retained.
- Members opening accounts will acknowledge that they have received an account disclosure by signing the membership card.
- A copy of the one-time notice of availability of disclosures furnished to account holders will be retained for a period of two years.
- Other information, forms and sample documents will be retained on microfiche, or other storage techniques for a period of two years.

## SECTION D: TELLER BALANCING

### **D-1 Teller Balancing Policy**

An essential responsibility of a teller is to balance his/her cash drawer. In order to establish accountability and performance expectations, Teller Balancing Standards will apply. These standards are outlined to all tellers and a signed copy is stored in each teller's employee file. Based on these standards, a monthly incentive (to be determined by the Executive Management Team) may be awarded to eligible employees. If standards are not being met, employees may be subject to disciplinary action, up to and including termination, based on individual circumstances surrounding the situation. The Teller Balancing Standards and monthly incentive are subject to change at any time. Refer to Balancing Standards SOP Handbook.

## SECTION E: VAULT AND CASH

### **E-1 Vault and Cash Policy**

The Branch Supervisor or a designated employee appointed by the Branch Supervisor will be the vault teller for their branch. They will have full control and authority over the vault. They will receive change orders from the tellers and issue change orders when necessary.

The teller involved in the cash trade must be present in the vault to receive cash. When a cash order arrives from the Federal Reserve or Catalyst, or when a cash order is prepared to send to the Federal Reserve, the vault teller will fine count the money and request the assistance of one other employee to verify the newly strapped bundles and fine count the loose currency in the change order. Both employees will sign the cash receipt.

When the cash order is received from the Federal Reserve, the vault teller plus one other employee numbers the bundles in order to keep track of how much money is used and which teller receives what money.

When the vault teller balances the cash daily, he or she may request the assistance of one other employee to assist in balancing.

All employees will be required to utilize dual control when accessing all vault and cash areas. Any unauthorized employee caught in the vault without an authorized vault teller may be subject to immediate termination.

The authorized vault tellers will know combination for all vault doors with the exception of the teller drawers. When the authorized vault teller leaves employment of Connections Credit Union, the combination of the large vault door will be changed immediately.

The Executive Management team can at any time, remove a person as authorized vault teller as well as add permanent or temporary vault tellers. The door to the vault/safe area must remain closed at all times. If an employee notices the vault door open, or cash accessible in the vault, close the vault door and notify a supervisor immediately.

Cash limits for each branch's tellers, vault, and ATM will be determined by the Executive Management Team and the Branch Supervisor. Refer to Standard Operating Procedures specific limits for each branch.

If a teller drawer is holding more than the limit, and the excess is not expected to be used in the current day, the excess cash must be sold to the vault. Large cash deposits that result in the drawer balance increasing to more than double the limit must be immediately sold to the vault.

#### Exceptions

When a cash order is received from the Federal Reserve, the cash is immediately deposited in the main office vault, causing the vault limit in many cases to substantially exceed the limit. The excess funds are used to replenish the vaults and ATMs at the other branches.

ATMs may be stocked with additional cash before holiday weekends, or times when additional cash may be needed. The maximum excess will be 25% of the established limit and has been approved by the Accounting Supervisor.

## SECTION F: WIRE TRANSFERS

### F-6 Wire Transfer Policy

For the protection of all employees and to provide for an adequate audit trail, the following policy will apply to all wire transfers.

#### Guidelines

Connections Credit Union will provide wire transfer service for its members. Members may receive funds from another financial institution for credit to their account or may request to transfer funds from their account to another financial institution. The electronic wire transfer will be processed through Catalyst Corporate. Wire transfer deadline is 2:00 p.m. Mountain Time Monday-Friday.

Wire transfer requests may be accepted either in person or over the phone, upon verifying the identity of the member. Accepted verification methods are discussed below.

## **F-1 Verification of Funds Availability**

Special care must be exercised when conducting wire transfers. Once the wire is transmitted the funds are transferred and cannot be retrieved, therefore verification of funds availability must be made prior to completing a Wire Transfer Request. If the deposit is made with anything other than cash, standard hold procedures must be followed and the wire cannot be sent until the hold has expired. A Supervisor or the Executive Management Team must approve any exceptions.

## **F-2 OFAC Check of Non-Members**

When a member sends a wire, the beneficiary will be checked through Forza and when a wire is received the senders name (if supplied) will also be checked through Forza. Note on the wire form that OFAC was checked and the date. Refer to Incoming/Outgoing wires in SOP handbook.

## **F-3 Wire Transmission**

Wires are transmitted through Catalyst TranZact system by an authorized employee at each branch. Branches are required to verify wiring instructions, do the call back (if applicable), verify collected funds, and notify the authorized employee before processing the Wire Transfer Request.

## **F-4 Completed Wires**

All forms should be scanned to the wire transaction in Forza.

## **F-5 Wire Transfers for Business Account Members**

Members with business accounts may from time to time request a wire transfer on behalf of the business. Any business account requesting such transfers must have a signed Authorization for Recurring Wires on file with the credit union. This agreement details the business name, account number, and list all persons with the authority to make such transfers. The business will create a password to be used to authorize any wire funds transfer. This password will replace the need for other verification procedures. The employee receiving the wire request will ask the member for the password before completing the transfer. This agreement also states that any and all actions taken by an employee of the business listed on the agreement is the sole responsibility of the business. The Authorization for Recurring Wire Transfers will be scanned to Digital Docs.

# **SECTION G: DRAFT CLEARING AND OVER DRAFTING**

## **G-1 Draft Clearing and Over Drafting Policy**

Checks presented for payment from a members' draft account electronically, or over the counter will be debited to the members account immediately. Checks and ACH items are processed according to the settlement date in the file. Items presented for payment will be posted as received in order of smallest dollar amount to largest dollar amount.

Connections Credit Union will transfer from an established overdraft protection line of credit, Courtesy Pay limit, or other authorized account to cover items presented for payment. The transfers will equal the amount necessary. Transfers will be limited to the allowed credit limit or the available funds in the authorized account. The number of transfers from authorized accounts will be limited to six per month or as regulations permit.

## G2 Check Cashing

Limits will be placed on tellers for cashing checks or replacing member checks with a cashier's check. Check cashing limits will be determined by Branch Supervisor or Executive Management Team based on branch needs.

Checks presented for cash or cashier's checks exceeding the teller's limit will require an override from a Supervisor or designated employee. Refer to Check Cashing in SOP handbook.

## G-3 Courtesy Pay

Connections Credit Union is not obligated to pay any item presented for payment if the account does not contain sufficient collected funds. However, if the member maintains the account in good standing, the credit union may, at its sole discretion, pay their reasonable overdrafts as a noncontractual courtesy. When funds from a line of credit or savings account are not available, the item presented for payment can be cleared based on the members' eligibility or participation in the Courtesy Pay program.

### Eligibility

Members must opt-in to be enrolled in the program. Access to Courtesy Pay limits with ATM and debit cards is limited to members who have opted in for the service. A 180-day waiting period will be in effect for new accounts. Members with a current negative balance for more than 30 days, or members greater than 30 days delinquent on any loan with Connections Credit Union will not be eligible for Courtesy Pay. Members may opt out at any time by signing the opt out form.

- The total dollar amount of overdrafts Connections Credit Union will honor is not to exceed \$500.00 plus one current Courtesy Pay fee.
- A member has 30 calendar days from the day the advance(s) was made, to deposit funds to cover the overdraft amount.
- Accounts not brought to a positive balance within 30 days will lose their eligibility for any future overdraft privileges. The account can be placed in a repayment plan.
- A fee will be charged to each overdraft item according to the fee schedule.
- The Courtesy Pay fee may be refunded to members who after, the first use, request a refund and opt out of the program.
- Courtesy Pay fees will also be refunded automatically at end-of-day if:
  - a. the member makes a deposit the same day that brings the account balance above -\$5.00.
  - b. the transaction that received the fee was less than \$5.00.
- Members who lose eligibility may be reinstated with the approval of a Supervisor.

Existing members with a checking account in good standing, defined as (A) Making regular deposits sufficient to cover transactions; (B) Bringing the account to a positive balance at least once every thirty days or less; and (C) There are no legal orders outstanding; are eligible for the Courtesy Pay program. This limit will include any Courtesy Pay fees assessed. The Courtesy Pay program is a privilege, not a contractual service.

Those accounts that are ineligible for the Courtesy Pay program include:

- New Accounts open less than 180 days

- Student Checking Accounts
- Members with delinquent loans over 30 days
- Known Problem Accounts
- Business Accounts

#### Opt-Out

If the member no longer wants to participate in the Courtesy Pay program, the fees assessed can be refunded. But the member must opt-out of the program by completing the Account Change Form including his/her signature to waive participation. The member would then be assessed our current NSF fee for all future drafts and/or ACH items presented with insufficient funds.

#### G-4 Employee Account Over Drafting

Employees of Connections Credit Union will follow the same qualification guidelines as followed by the general membership for checking accounts and related services. Employee accounts will not be charged an NSF fee if the debit occurs on the same day as payroll unless the debit amount exceeds the payroll deposit.

### SECTION H: AUTOMATIC CLEARING HOUSE (ACH)

#### H-1 Automatic Clearing House Policy (ACH)

The following policy covers Connections Credit Union's receipt and sending of Automated Clearing House (ACH) transactions. ACH transactions consist of funds transferred into member accounts, debit transfers withdrawn from member accounts, and the origination of an authorized withdrawal from the member account.

#### H-2 Permitted ACH Transactions

Connections Credit Union will act as a Receiving Depository Financial Institution (RDFI) for the purpose of receiving ACH credit or debit entries initiated by third parties to member accounts at the credit union. Connections Credit Union will also act as an Originating Depository Financial Institution (ODFI) for the purpose of originating ACH debits from another financial institution.

#### H-3 Compliance

Connections Credit Union will conduct its ACH activities in compliance with all applicable rules of the National Automated Clearing House Association (NACHA), any applicable regional clearing house association rules, Federal Reserve Regulation E, and other applicable federal and state laws. The ACH Department will be responsible for compliance with the applicable laws, regulations, and clearing house rules.

#### H-4 Audit

As required by NACHA rules, the Supervisory Committee shall arrange to conduct an annual audit of the credit union's ACH operations to review compliance with the NACHA rules. The audit report and supporting material will be retained by the credit union for six years.

## **H-5 Receiving Depository Financial Institution (RDFI)**

Connections Credit Union will accept all types of ACH entries and prenotifications.

Connections Credit Union will act in a timely manner on all ACH entries received. When a prenotification is improper, the credit union shall return it in accordance with the applicable rules and regulations. All credit entries will be made available to the member on the date of settlement.

Connections Credit Union will include on the periodic statement a description of any ACH entries received on an account, including the identity of the originator, entry description, and amount. Connections Credit Union will provide a telephone number for members to call to verify whether an ACH entry has been received and will include this number in the credit union's electronic funds transfer disclosures and on the periodic statement.

Connections Credit Union will accept IAT (International ACH Transaction) transactions in accordance with NACHA rules. All parties involved in an IAT transaction will be checked against the OFAC list prior to processing the transaction. If any party to the IAT transaction is identified on the SDN list, the transaction will be rejected and will be properly coded as a blocked transaction in the ACH system. Any matches with the "Specially Designated Nationals and Blocked Persons" list will immediately be reported to the OFAC compliance officer.

Connections Credit Union will ensure that any return entries are submitted in a timely manner in order to be returned to the ODFI by the beginning of the second banking day after the settlement date of the original entry.

## **H-6 Originating Depository Financial Institution (ODFI)**

Connections Credit Union will act as an Originating Depository Financial Institution (ODFI) for the purpose of originating direct payments from another US financial Institution for loan payments or direct deposits to a member's account.

The ACH will be originated at the credit union and processed electronically through the credit union's core software "ESP", and the corporate credit union used by Connections.

Originations will be limited to members of the credit union. Origination services will not be offered to Corporate/Business members, or to third party senders. Members with a history of account abuse, or with an origination request to a non-us financial institution will be denied this service. A voided check from the other financial institution will be required.

## **H-7 ACH Agreement**

A signed ACH agreement must be in place with the member requesting the service and the credit union prior to any transaction being processed. A sample of the approved ACH origination agreement is included in the SOP Handbook. The agreement must contain the purpose for the origination in order to enforce the limitations on acceptable originators.

# **SECTION I: SAFE DEPOSIT BOXES**

## **I-1 Safe Deposit Box Policy**



Connections Credit Union will rent safe deposit boxes to the members and employers of the field of membership. All boxes will be rented on an annual basis with the agreements automatically renewing when the rent is paid. Boxes are available at the following branch offices:

- Oak St Branch
- Olympus Branch
- Idaho Falls Branch
- Meridian Branch

The current policies and procedures will be followed related to privacy and confidentiality of box numbers, owners, and other known information. Refer to Renting a New Safe Deposit Box in SOP Handbook.

## I-2 Eligibility

At least one of the renters of a safe deposit box must be a member of Connections Credit Union. Other co-renters will not be required to be members.

**Single Renter:** Only the primary member is authorized to access the safe deposit box.

**Co-Renters:** Two or more are authorized to access the safe deposit box.

## I-3 Agreement

A safe deposit agreement is required for each safe deposit box rented. It must be properly completed and signed by all renters in the presence of a Connections Credit Union employee. If one or more of the renters is not present at the time the box is rented, the renter present can sign the agreement. At a later date, the other renter(s) can sign the agreement when the safe deposit box key is given to them, and proper identification is presented. The safe deposit box agreements cannot be taken out of the credit union for any reason. All renters will be named on the agreement at the time the box is rented.

## I-4 Fees

All rental fees will be paid in advance based on a calendar year. The rental will be pro-rated for the first year and then charged in January of each subsequent year. When an agreement is terminated by the renter, the renter is not entitled to a refund. At the time the agreement is signed, the member also authorizes the credit union to automatically deduct the rental fee from their account. Refer to current fee schedule for annual box rentals and key replacement fees.

# SECTION J: NEW ACCOUNT QUALIFICATIONS

## J-1 Memberships

The potential new member must first qualify for membership based on Connections Credit Union's field of membership. Current counties served are listed in the SOP handbook. Family members of current members are also eligible for membership.

Once eligibility is determined, all required Patriot Act verifications must be completed. For more information on these requirements, refer to the BSA Act Policy.

The final required verification is through the credit union's Identity Verification Program. This verification will report account abuse from prior financial institution accounts the individual had. New accounts could be denied based on the results of any of the reports ran.

## **J-2 Accounts**

Current members wishing to add any additional accounts will be subject to the verification as outlined above.

## **SECTION K: BUILDING SECURITY**

### **K-1 Opening and Closing the Branches**

The first person to arrive at the branch needs to do a survey of the property. He/she will check for any suspicious activity before entering the building. If the building is deemed unsafe to enter or something does not feel right, the opener should inform his/her direct supervisor or a member of the Executive Management Team immediately and do not enter the building.

### **K-2 Access to Building**

Employees that have completed their probationary period will be given a key to the building to allow access when coming to work, although there may be an instance where a Supervisor may have to provide a key before an employee's probation period is complete. Employees are responsible for their own keys; they are not to be loaned to other employees. No duplicates of issued keys are to be made without authorization from the Executive Management Team. Loss or theft of keys should be reported to the Executive Management Team immediately. All keys must be returned upon termination or other request.

Employees will have an individual alarm code for entry and exit. Employees are prohibited from sharing security codes with anyone. Should you forget your security code you must contact a member of the Executive Management Team.

Security is everyone's responsibility. Employees who notice or observe any suspicious signs of theft or potential breaking and entering are asked to report them immediately to the Executive Management Team.

### **K-3 Using Branches During Off Hours**

If an employee stays late, arrives early, or utilizes the buildings to work on the weekends the employee should take precautionary measures to ensure that the building and their safety is not compromised.

To use the building during off hours, Connections Credit Union will need to authorize users. We will require them to be familiar with the credit union's expectations.

### **K-4 Building Emergency Exit Plan**

Each branch is laid out differently and emergency plans for each building can be found in the employee breakroom. Please refer to additional Building Security in SOP handbook.

## SECTION L: BRANCH SECURITY

### **L-1 Branch Security Policy**

Connections Credit Union is committed to ensuring that all employees work in a safe environment. Creating a safe work environment requires awareness towards injury prevention and cooperation in all safety matters by all employees.

#### **Be alert**

Pay attention to who is in the branch and know who belongs there. Become familiar with the faces of members and others that come into the branch frequently. Pay attention to people who behave suspiciously.

#### **Greet People Immediately**

Make a habit of greeting people as soon as they enter the branch. Ask them how you can help them. This technique will allow you to determine why the individual is there and will often deter or discourage potential crimes. We want to encourage employees that cannot assist members right away to try and at least make eye contact with them. Acknowledgement of their presence is key.

#### **Ensure adequate employees in branches**

The most vulnerable times for things to happen in the branches are early in the morning, during lunch hour, or near the end of the day. It is important to have enough employees to provide proper surveillance.

There should always be at least 2 people in the branch when it is open for typical business hours. No one should ever be at the branch alone if it is open for business. For safety reasons, it is preferred that the 2 branch closers walk out to their cars together. Please refer to additional Branch Security in SOP handbook.

## SECTION M: LENDING AND COLLECTION

### **M-1 Lending and Collection Policy**

From time-to-time Connections Credit Union will establish policies to be followed by the lending and collections employees. These policies and procedures are referenced in the Lending and Collections Handbook found on the Intranet. Familiarity with these policies is important based off of the position held at Connections Credit Union. Any failure to honor and comply with such policies will be grounds for discipline, including dismissal.

**OPERATIONS POLICIES HANDBOOK ACKNOWLEDGEMENT**  
**Connections Credit Union**

**SIGNATURE**

I hereby certify that I have received a copy of the Operations Employee Handbook and I understand it is my responsibility to read and ask questions, if necessary, regarding this information. I understand that Connections Credit Union reserves the right to modify the contents of this handbook at any time.

I HAVE READ AND UNDERSTAND THE CONTENTS OF THIS DOCUMENT.

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date Received by Employee

\_\_\_\_\_  
Employer's Signature

\_\_\_\_\_  
Date Received by Employer