**Summary of Content Changes
2020.5 Update – September 2020**

**General Notes**

Many of the updates made this quarter were administrative or designed to increase the value of the policy. However, we did have some changes that were intended to capture formal guidance from the relevant regulatory agency, as appropriately linked below.

Important to note is the addition of Policy 2111 for Hemp-Related Accounts. This policy was created at the request of credit unions and contains guidance specifically related to offering hemp-related accounts.

The Payday Alternative Loan policy was updated based on the most recent final rule coming out of the CFPB, which eliminated the mandatory underwriting provisions scheduled to become effective in November, along with corresponding commentary that indicated that the NCUA’s PAL II loan did not have the same exemption as the PAL I loan.

We have also decided to remove Policy 3110 - Operating Charge Offs. With our multiple loan and account (overdraft) charge off policy, we believe this policy is unnecessary.

**Policy 2111 – Hemp-Related Accounts \*\* NEW POLICY\*\***

**2020-5**

In order to assist credit unions more effectively, a new model policy specifically related to hemp was created. **(Recommended if offered)**

**Policy 2114 – Politically Exposed Persons (PEPs)**

**2020-5**

This policy was revised to capture the latest guidance from FinCEN regarding [BSA Due Diligence Requirements for Customers who may be considered politically exposed persons.](https://www.fincen.gov/news/news-releases/agencies-issue-statement-bank-secrecy-act-due-diligence-requirements-customers) **(Recommended if offered)**

**Policy 2140 – Purchasing**

**2020-5**

This policy was substantially updated to provide more comprehensive content related to a purchasing and expense authorization. **(Recommended)**

**Policy 2213 – Trust Accounts**

**2020-5**

This policy was updated to include minor helpful changes. Additionally, the reference to Unlawful Internet Gambling was removed based on the industry standard of not including Trust accounts within the “commercial account” definition. **(Recommended)**

**Policy 2290 – Wire Transfers**

**2020-5**

This policy was updated to remove the reference to NACHA and ACH transactions. **(Recommended)**

**Policy 2611 – ACH Management**

**2020-5**

This policy was revised to eliminate the outdated reference to the six-transaction limit under Regulation D. **(Recommended)**

**Policy 3110 – Operating Charge Offs \*\*Policy Deletion\*\***

**2020-5**

This policy is being deleted and is considered redundant and out of date. Currently, credit unions have access to multiple policies related to loan and account charge offs that are more comprehensive.

**Policy 7115 – Credit Underwriting Standards**

**2020-5**

This policy was revised to include the [Interagency Statement](https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/interagency-statement-use-alternative-data-credit-underwriting) on the use of alternative data in credit underwriting. **(Recommended)**

**Policy 7213 – Military Personnel Loans**

**2020-5**

The Military Personnel Loans policy was updated to include the Space Force and commissioned corps of the National Oceanic and Atmospheric administration and commissioned corps of the Public Health Service. The policy was also updated to include the interpretive guidance Q&A that allows credit unions to utilize an ITIN to search if a borrower is covered under the MLA. Last but not least, the previous requirement to keep the MLA disclosures separate from Regulation Z disclosures has been removed. **(Recommended)**

**Policy 7218 – Payday Alternative Loans (PALs)**

**2020-5**

This policy was revised as a result of the [most recent final rule](https://www.federalregister.gov/documents/2020/07/22/2020-14935/payday-vehicle-title-and-certain-high-cost-installment-loans) coming out of the CFPB on the Payday Alternative Loans that eliminated the mandatory underwriting provisions previously expected to become effective in November 2020. As part of this rule, new commentary was provided regarding the prior exemption for the NCUA’s Payday Alternative Loan (PAL) 1, clarifying that the NCUA’s revised PAL 2 did not have the same exemption under the CFPB’s rules. However, because of the way credit unions structure their PALs (both 1 and 2) loans, [generally they will both be exempt](https://www.consumerfinance.gov/policy-compliance/guidance/consumer-lending-resources/payday-lending-rule/payday-lending-rule-faqs/) from the CFPB’s rules. That clarification has been added to the policy. **(Recommended)**

**Policy 7362 – Temporary Policy for Loan Modifications and Reporting – COVID-19**

**2020-5**

This policy was revised to take into consideration the [Joint Statement on Additional Loan accommodations Related to COVID-19](https://www.ncua.gov/files/press-releases-news/joint-statement-additional-loan-accommodations.pdf). Specifically, risk management considerations were added to assist credit unions. **(Recommended)**

**Policy 7436 – CARES Act – Small Business Administration SBA Loans
2020-5**

This policy was revised to correct the deferral amount of the loan payments, which was extended from 6 months to 10 months.  **(Recommended if offered)**

**Policy 10012 – Record Retention – Tax Records**

**2020-5**

This policy was revised to include up-to-date guidance from the IRS regarding general instructions for information returns that a credit union may file, including employment tax recordkeeping, etc. **(Recommended)**

**Policy 11002 – Furnishing Information to Credit Reporting Agencies**

**2020-5**

Policy 11002 was revised to correct a reference. **(Recommended)**