
Summary of Content Changes 2023.2 Update – April 2023

General Notes

The [NCUA Supervisory Priorities for 2023](#) include interest rate risk, liquidity risk, credit risk, fraud prevention and detection, information security, overdraft programs, fair lending (with an emphasis on appraisals), truth in lending, the fair credit reporting act, CECL implementation, succession planning and support for small credit unions and minority deposit institutions. In this light, we have reviewed our policies covering these areas to see if there is additional content and updates that would strengthen the applicable policy/resource.

From a regulatory perspective, this update also include the NCUA's changes related to [cyber incident notification requirements](#). This amendment to Part 748 of NCUA regulations requires credit unions to report a cyber incident to the NCUA as soon as possible and no later than 72 hours after the credit union reasonably believes it has experienced a reportable cyber incident. These changes become effective on September 1, 2023. Corresponding changes have been made in Policies 4120 – Information Security and 4125 – Incident Response. There was also an updated to [NCUA Subordinated Debt Rule](#) that becomes effective on April 26, 2023. These changes have been made and are reflected in procedure 6400.1.

The Federal Communications Commission (FCC) finally published the [effective date](#) of certain components of the Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act (TRACED Act), which impacted the Telephone Consumer Protection Act (TCPA) and was originally published back on February 25, 2021. Compliance is now required for the previously delayed components of the Act by **July 20, 2023**. Policy 9600 was updated to reflect these changes and procedure 9600.1 was created to provide more detailed information for credit unions trying to develop a compliant program.

Last, but certainly not least, was [FASB's change](#) in eliminating the accounting guidance for Troubled Debt Restructurings (TDRs) with the adoption of CECL. Instead of applying the recognition and measurement guidance for TDRs, the credit union must apply the loan refinancing and restructuring guidance in the amended rules to determine when a loan modification results in a new loan or continuation of an existing loan. This has resulted in an amendment specifically to Policy 3165, but also to additional policies that referenced TDRs. Policy 3170 still exists for credit unions under \$10 million who have not adopted CECL.

Additional changes to policies are noted under the individual summaries within this overview. As a reminder, credit unions are always encouraged to have their applicable policies and procedures reviewed by their legal counsel.

Model Content Updates

1230.10 – Complaint Process for Federally-Chartered Credit Unions

2023-2

This resource has been updated to add a new definition for a “complaint.” Note there is a new Key Field (1230-1), which is used in both 1230.10 and 1230.11. Because there is no formal definition, credit unions have the ability to define what they deem to be a complaint. It is recommended that this key field be utilized to create a definition to provide consistency across the credit union. **(Recommended)**

1230.11 – Complaint Process for State-Chartered Credit Unions Need File

2023-2

This resource has been updated to add a new definition for a “complaint.” Note there is a new Key Field (1230-1), which is used in both 1230.10 and 1230.11. Because there is no formal definition, credit unions have the ability to define what they deem to be a complaint. It is recommended that this key field be utilized to create a definition to provide consistency across the credit union. **(Recommended)**

Policy 2205 – Unlawful Internet Gambling

2023-2

This policy was reviewed with only minor changes being suggested for the credit union’s documentation of how to handle when they have “actual knowledge” of a business member participating in a restricted transaction. **(Recommended)**

Policy 2611 – ACH Operations and Management

2023-2

The organization of the policy was changed to move content under relevant categories. Additionally, content and clarification was added related to nested third-party senders in compliance with [NACHA Operating Rules](#). **(Recommended)**

2615.10 – Electronic Fund Transfers

2023-2

With the increase of real time payment options through The Clearing House and the Federal Reserve, this resource was updated to reflect the different avenues credit unions may pursue to route transactions. The different systems have different rules and coverage, credit unions are encouraged to reference the associated operating rules and agreements for details. **(Recommended)**

Policy 3165 – Loan Workouts, **Modifications**, and Nonaccrual Standards - ****Title Change****

2023-2

This policy has been updated to comply with the FASB’s amendment to eliminate the accounting guidance for TDRs with the adoption of CECL. Credit Unions still need to determine if a loan modification is deemed to be a new loan or refinancing/restructuring under the rules. ***Credit unions that have implemented CECL should use this policy instead of Policy 3170 – Troubled Debt Restructure.*** **(Required)**

Policy 4120 – Information Security

2023-2

This policy was revised to comply with the amendments to [Part 748 of the NCUA rules](#) related to the cyber incident notification requirements. Credit unions should keep in mind that these revisions are not effective until September 1, 2023. **(Required)**

Policy 4125 – Incident Response

2023-2

This policy was revised to comply with the amendments to [Part 748 of the NCUA rules](#) related to the cyber incident notification requirements. Credit unions should keep in mind that these revisions are not effective until September 1, 2023. Additionally, updates were made to this policy to reflect situations of Corporate Account Takeover. **(Required)**

4125.10 – Corporate Account Takeover Procedures **NEW CONTENT******

2023-2

As examiner expectations increase, these procedures were created to help the credit union develop more detailed processes for certain threats such as corporate account takeovers. **(Recommended)**

Policy 5200 – Liquidity Risk Management

2023-2

Due to the NCUA's 2023 Supervisory Priorities, this policy was reviewed and revised to include additional triggering events, along with some minor changes to managing stress events and liquidity measures. **(Required)**

Policy 5300 – Interest Rate Risk Management

2023-2

Due to the NCUA's 2023 Supervisory Priorities, this policy was reviewed and revised to additional risks, along with a few housekeeping changes for consistency. **(Required)**

Procedure 6400.10 Subordinated Debt

2023-2

This procedure was revised to comply with the most recent [NCUA amendments](#) to the rule, which become effective on April 26, 2023. **(Recommended)**

Policy 7100 – General Lending Policy

2023-2

This policy was revised to include components of Policy 7101 and Policy 7155 (both of which are being removed from CU PolicyPro). The intention of this policy is to provide a general overview of the Credit Union's compliance with broad aspects of lending. **(Recommended)**

Policy 7200 – Consumer Loans

2023-2

This policy was updated to comply with changes to the allowance for credit losses under CECL, updates to the outdated multi-featured open-end lending plans and additional updates to other applicable and more comprehensive policies. **(Recommended)**

Policy 7302 – Real Estate Appraisals

2023-2

This policy was updated to provide reference to the credit union's role in ensuring an appraisal does not violate Fair Lending laws. As reaffirmed in the CFPB's most recent [statement of interest](#), the credit union can be liable for relying on an appraisal that it knows or should know to be discriminatory.

(Recommended)

Policy 7315 – Commercial Real Estate Loan Workouts and Modifications - **Title Change******

2023-2

This policy was updated to comply with the changes related to CECL. The Allowance for Loan and Lease Loss was updated along with corresponding treatment and reference to troubled debt restructurings.

(Recommended)

Policy 7330 – Residential Real Estate Loans

2023-2

This policy was updated to address the risks associated with maintaining a mortgage pipeline and to acknowledge Fair Lending compliance with appraisals. **(Recommended)**

Policy 7615 - Allowance for Loan and Lease Losses

2023-2

This policy was updated in more detail to provide clarity on the use, which will only be for credit unions under \$10 million in assets who are not required to implement the CECL standard. **(Recommended)**

Policy 7625 - Residential Real Estate Loss Mitigation Strategies

2023-2

This policy was updated to reflect more changes as a result of the new CECL standard and corresponding troubled debt restricting changes. There were also minor administrative changes. **(Recommended)**

Policy 7630 – Multi-Dimensional Loan Portfolio Analysis

2023-2

This policy was updated to remove references to Troubled Debt Restructurings. **(Recommended)**

Policy 7700 – Loan Review and Classification (CECL)

2023-2

This policy was updated to remove references to Troubled Debt Restructurings and additional changes related to individually evaluated loans under the new CECL standard. **(Recommended)**

Policy 9600 – TCPA, JFPA, and CAN-SPAM

2023-2

Based on the effective date of the changes to the Telephone Consumer Protection Act (TCPA) resulting from the TRACED Act (July 23, 2023), this policy has been updated. **(Recommended)**

9600.10 – TCPA Procedures **NEW CONTENT******

2023-2

Based on the effective date of the changes to the Telephone Consumer Protection Act (TCPA) resulting from the TRACED Act (July 23, 2023), the corresponding policy was updated (9600) and this resource

was created to help credit unions get a jump start on creating applicable procedures to maintain an effective and compliant program. **(Recommended)**

Retired Model Policies

Policy 7101 – Loans - ****RETIRED****

2023-2

Much of the content of this policy is already covered in other CU PolicyPro model policies. Any content from this policy that is not already covered elsewhere has been added to Policy 7100, General Lending Policy. Therefore, this policy is being retired and removed from the model database.

(Recommended)

Policy 7155 – Loan Quality Board Reports – ****RETIRED ****

2023-2

Much of the content of this policy is already covered in other CU PolicyPro model policies. Any content from this policy that is not already covered elsewhere has been added to Policy 7100, General Lending Policy. Therefore, this policy is being retired and removed from the model database.

(Recommended)

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

2023-2

This policy is being removed from CU PolicyPro because the COVID-19 concessions previously in place have all expired. **(Recommended)**

Model Policies Reviewed (no changes needed)

- 7303 – Real Estate Appraisals – Appendices