

2100. PRODUCTS & SERVICES POLICY

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SAFE DEPOSIT BOX POLICY

Purpose

In order to provide members with a means of securing and protecting certain assets and valuables, Resource One Credit Union provides safe deposit boxes.

Policy Statement

It is the policy of Resource One Credit Union to provide and maintain safe deposit boxes for the convenience and protection of our employees in accordance with state and federal laws.

BSA/OFAC Requirements

Resource One Credit Union shall comply with the Bank Secrecy Act (BSA) and Office of Foreign Assets Control (OFAC) laws and regulations. All persons having access to safe deposit boxes, other than members, shall be subject to identification procedures as appropriate.

Credit Union Relationship with Member/Box Holder

Pursuant to the Texas Finance Code, the credit union and member/renter of a safe deposit box maintained at the credit union is that of lessor/lessee and landlord/tenant. Resource One Credit Union's rights and liabilities are governed by the law governing those relationships and the member/lessee is (for all purposes) in possession of the box and its contents.

Safe Deposit Box Access

1. Upon showing appropriate identification, the credit union shall allow each holder of a safe deposit box jointly held in the name of two or more persons or a person other than the member/lessee designated in the lease agreement:
 - access to the box; and
 - removal of its contents
2. Resource One CU is not responsible for damage arising because a holder or other designated person had access to the box or removed its contents.
3. The death of a holder of a jointly held safe deposit box does not affect the right of another holder or other designated person to have access to and remove contents from the box.

Safe Deposit Box Keys

1. Resource One CU shall imprint all keys issued to the box with its routing number.
2. If a credit union employee believes that the routing number imprinted on a safe deposit box key, or a tag attached to a key, has been altered or defaced in a manner that the correct routing number is illegible, that person (or appropriate staff) shall notify the Department of Public Safety, on a form designated by the commissioner, not later than the 10th day after the date the key is used to access the box.

Relocation of Safe Deposit Boxes

Should it be necessary to relocate safe deposit boxes, whether in the course of normal business or emergency, Resource One CU will adhere to requirements put fourth in Sections 125.504 – 507 of the Texas Finance Code.

Delinquent Rents

1. If a safe deposit box is delinquent for six months or longer, Resource One CU may open the box after:
 - sending notice of the delinquency to the lessee; and
 - no receipt of rent before the date specified in the notice.
2. The notice shall:
 - be sent by certified mail, return receipt requested, to the member/lessee named in the safe deposit box contract at the address shown on the contract; and
 - specify a date by which payment must be made (not before the 61st day after the date on which the notice is mailed).
3. The box shall be opened in the presence of two employees (one must be an officer or manager) with a detailed inventory of the contents of the box prepared as provided by reporting instructions of the comptroller. The contents of the box shall be placed in a sealed envelope or container labeled with the member/lessee's name. Resource One CU shall hold the contents of the box subject to a lien for:
 - the box's rental;
 - the cost of opening the box; and
 - any damage in connection with the box.

Disposal of Safe Deposit Box Contents

If the rental, cost, and damages are not paid before the second anniversary of the date on which the box is opened, Resource One CU may dispose of the contents pursuant to the safe deposit box agreement and the Texas Finance Code Section 125.510 and Section 51.002, Property Code.

Record Retention

All documentation with regard to safe deposit boxes including contracts and sign-in sheets will be maintained pursuant to the credit union's Record Retention Policy.

DEPOSIT ACCOUNT POLICY

Purpose

In order to fulfill the financial needs of its membership, Resource One CU offers a variety of financial services. Deposit accounts are the most basic of services and provide funds from which many other member services, such as loans, are derived.

USA PATRIOT Act

Resource One CU shall obtain and maintain information on all applications for membership, subject to customer identification procedures as prescribed in the USA PATRIOT Act (*see Bank Secrecy Act Policy*).

Member Qualifications

Refer to *Resource One Credit Union's Bylaws*.

Account Offerings

Resource One CU shall offer deposit accounts sufficient to meet the needs of its members. Accounts include both personal and business share and share drafts as well as youth accounts, seasonal accounts, share certificates, money markets, and IRA's.

Ownership

Account ownership may be facilitated in various forms:

- Single Party without Payable on Death (P.O.D) Designation
- Single Party with Payable on Death (P.O.D) Designation
- Multiple Party without Right of Survivorship
- Multiple Party with Right of Survivorship
- Multiple Party with Right of Survivorship and Payable on Death (P.O.D.)

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- Trust Account
- Business Accounts

Opening Accounts

Upon attaining membership and opening an account or accounts, new members/account holders will receive the following disclosures:

- Account Terms and Conditions
- Electronic Fund Transfers (EFT) – Rights and Responsibilities
- Availability of Funds
- Truth-In-Savings
- Fee Schedule

Closing Accounts

Refer to *Resource One Credit Union Bylaws*.

Offset of Account

Resource One CU has the right of offset against the entire amount of any account in which a party to that account is indebted to the credit union.

WIRE TRANSFER POLICY

Purpose

Resource One CU provides wire transfers for the benefit of its members as a method to transfer money quickly and safely.

Policy Statement

It is the policy of Resource One CU to perform wire transfers in accordance with safe and sound practices and in compliance applicable federal and state laws and regulations. Wire services are not provided for non-members.

Transmittal Requirements

1. Wiring may only be executed by individuals in the accounting department as designated by the Accounting Manager or Chief Financial Officer, and in a manner designated in wire transfer procedures.
2. Internal transfer forms will serve as support documentation for withdrawal of funds to cover wired amounts and fees.

Domestic Wires

Incoming Wire

Member account(s) will be credited by the accounting department or designee.

Outgoing Wire

1. Authorized accounting department employees should perform keying-in and verification of wires.
2. Resource One CU reserves the right to send wires using the most efficient and/or convenient means.

Bank Secrecy Act/OFAC Requirements

1. Resource One CU shall comply with the Bank Secrecy Act (BSA) and Office of Foreign Assets Control (OFAC) laws and regulations.
2. Suspicious Activity Reports (SARs) will be filed for any transactions in which circumstances appear to be suspicious or questionable as required in the Bank Secrecy Act.

Record Retention

Documentation of all wire-out requests, OFAC verification and any other related paperwork are maintained, at a minimum, as required by regulation. Resource One CU may elect to hold files for longer periods as deemed necessary.

ESCHEAT – DORMANT ACCOUNTS POLICY

Policy Statement

Resource One Credit Union's dormant accounts are monitored and documented according to rules and guidelines provided by Texas Comptroller of Public Accounts Manual, Unclaimed Property Reporting Instructions. (Rev April 2015).

It is the policy of Resource One Credit Union to monitor dormant and inactive accounts, determine those "presumed abandoned", and escheat (remit) them to the Texas Comptroller's Office. Companies, banks and other financial institutions identify accounts for which there has not been any owner-generated activity during the applicable dormancy period and the owner has not responded to mail or telephone inquiries.

It is the policy of Resource One Credit Union to:

- monitor dormant and inactive accounts,
- determine those "presumed abandoned", and
- escheat (remit) them to the Texas Comptroller's Office.

Inactive and Abandoned Accounts

An account is inactive if, for more than one year:

- there has been no debit or credit by the member;
- we receive no communication from the member, and
- the automatic crediting of dividends or interest is the only documented activity.

Under section 73.101 of the Texas Property Code, an account is presumed abandoned when:

- 1) inactive (no member-initiated activity) for at least five years,
- 2) member location cannot be ascertained, and
- 3) account balance or safety deposit box contents have not been delivered to the Comptroller in accordance with Texas Property Code, Chapter 74.

Unpresented official checks are reportable if the payee has not negotiated the check for three years or longer and the whereabouts are unknown to the Credit Union.

The following is considered owner-generated “activity” on an account:

- if an owner endorses an interest check and deposits the check
- owner contact by mail or telephone (when documented by the holder)
- cross-referencing an inactive account with an active account having the same owner.

Resource One will not consider an account abandoned if the member has another account in active status.

Accounts below \$500.00 with no activity for at least six (6) months may be closed by the credit union and any balances remaining sent to the member at their last verified address.

Designated staff will make all reasonable efforts to locate and contact the member regarding inactivity. A member may write or telephone the credit union every five years to keep the account from being reported to the state as a dormant account. Records will be maintained that show how communications from the member is tracked.

A dormant (or inactive) report will be maintained annually by an employee as designated by the CFO.

Filing Deadlines and Extensions

Section 74.101 of the Texas Property Code requires all financial institutions, businesses, government entities and organizations that are holding unclaimed property belonging to Texas residents to file an unclaimed property report with the Comptroller’s office by July 1 of each year.

Property that is due on July 1 of each year may be remitted any time after the annual cutoff date of March 1. The credit union will file a report with the Texas Comptroller’s office and remit all applicable unclaimed property which has had no owner contact since March 1 for the requisite abandonment period and for which there has been no act of ownership as of March 1 of the current year.

Reporting Methods

Under Title 34 § 13.21 of the Texas Administrative Code, property reports must be submitted to the Comptroller’s office in the required format via one of the approved online submission methods.

Refund Responsibility

The Comptroller's office is responsible for providing notification to the owners of unclaimed property. The office publishes the names of missing owners in the calendar year following receipt of Resource One Credit Union annual holder reports. A notice of abandoned property is mailed to those owners for whom they have a complete address.

Resource One Credit Union directs potential claimants to contact the Texas Comptroller office for a claim form. The Texas Comptroller must deal directly with the claimant. Resource One Credit Union can provide address and telephone number.

ACH POLICY

Purpose

Automated Clearing House (ACH) entries are utilized to collect on share drafts/checks as quickly as possible. Resource One CU will abide by all rules and regulations pertaining to the origination and receipt of electronic entries as required by NACHA (see exhibit #1 for acronym definitions). The Accounting Department will be charged with the responsibility to oversee the daily ACH process.

Policy Statement

Resource One CU will act as an ODFI in order to facilitate the payment of Resource One CU loans and on a case-by-case basis as requested by our members. Resource One CU will obtain the proper agreements and authorizations from its members before performing the function of an ODFI and will adhere to the rules and regulations governing financial institutions acting as an ODFI. Resource One CU will perform the function of an RDFI for all of its members.

Responsibility

The Accounting Manager will be responsible for having written procedures for the daily origination, receipt and posting of ACH entries. The procedures will include, but not be limited to, what constitutes proper authority to initiate an ACH debit to an account, how to originate an ACH entry, posting of received ACH transactions, how to handle exception entries, the proper coding of return items, stop payments and authorization revocation. All ACH rule changes will be incorporated into daily procedures to ensure Resource One CU's compliance with the all rules, regulations and state or federal authority.

Training

In an effort to understand the complicated issues involving the origination and receipt of

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electronic entries, Resource One CU will make available to all employees training specific to their respective positions upon employment. Extended training will be provided to personnel responsible for daily operations and transactions as made available through NACHA, SWACHA, CUNA or any other resource available to Resource One CU.

ACH Risk Assessment

The Credit Union will conduct an annual risk assessment of its ACH activities, implement risk management programs based on the results of such assessments, and comply with regulatory requirements with respect to the assessment and risk management program.

The Accounting department will work closely with the Member Services and Compliance personnel to provide necessary information to staff and maintain compliance with all consumer regulations.

Review

This policy will be reviewed annually and updated according to changes in legislative and/or regulatory statutes.

INTERNATIONAL ACH TRANSACTION POLICY

Purpose

Effective September 18, 2009, *NACHA Operating Rules* require that Originator/ Receiver agreements include an acknowledgment by the Originator that ACH transactions it originates comply with the laws of the United States. All international payments made via the ACH Network will be identified as International ACH Transactions using a new Standard Entry Class (SEC) Code—IAT.

The effect of this change is to focus financial institution liability for inadvertent processing of a *domestic* ACH transaction in violation of OFAC-enforced sanctions policies on the financial institution holding the account of the blocked party. All U.S. financial institutions are affected by this change.

Definitions

An “international ACH” transaction is an ACH transaction for which:

- at least one processing financial institution or third-party is domiciled in the U.S. or otherwise under U.S. jurisdiction, and at least one party to the transaction is outside U.S. jurisdiction; or,
- most or all parties to the transaction are outside the U.S., but at least one processing financial institution is subject to U.S. jurisdiction (e.g., a foreign branch of a U.S.bank).

Requirements

Compliance with the new rule requires IAT payments include specific data elements defined by the Bank Secrecy Act’s (BSA) “Travel Rule” (31 CFR 103.33(g):

(g) Any transmitter's financial institution or intermediary financial institution located within the United States shall include in any transmittal order for a transmittal of funds in the amount of \$3,000 or more, information as required in this paragraph (g): (1) A transmitter's financial institution shall include in a transmittal order, at the time it is sent to a receiving financial institution, the following information: (i) The name and, if the payment is ordered from an account, the account number of the

transmittor; (ii) The address of the transmittor, except for a transmittal order through Fedwire until such time as the bank that sends the order to the Federal Reserve Bank completes its conversion to the expanded Fedwire format; (iii) The amount of the transmittal order; (iv) The execution date of the transmittal order; (v) The identity of the recipient's financial institution; (vi) As many of the following items as are received with the transmittal order: (A) The name and address of the recipient; (B) The account number of the recipient; (C) Any other specific identifier of the recipient; and (vii) Either the name and address or numerical identifier of the transmittor's financial institution.

International ACH Transactions are identified by location of the financial agency that handles the payment transaction. Identification of payments as international and inclusion of the "Travel Rule" enable OFAC-sanctioned guidance by providing sufficient information to allow parties to the transaction to be checked against the current OFAC listing.

Statement

Resource One shall not act on behalf of, or transmit funds to or from, any blocked party subject to OFAC-enforced sanctions. The credit union's agreement with members/originators will include an acknowledgment by the member/originator that he/she (the member/originator) may not initiate entries that violate the laws of the United States. Member/originators will be made aware that

- they will be held to an obligation to originate only lawful ACH entries under such agreements with Resource One; and,
- Resource One may from time to time need to temporarily suspend processing of a transaction (particularly an international ACH transaction) for greater scrutiny that might result in delayed settlement and/or availability.

Account "Screening"

Resource One will screen transactions as appropriate and necessary within regulatory guidelines pursuant to its OFAC Policy, as is possible and practical. New members are screened upon opening accounts and existing members are periodically screened according to policy.

Violative Transactions

With respect to IATs, Resource One may find it necessary to apply greater scrutiny to transaction details. To do this, the credit union may need to process international ACH transactions through a separate process that facilitates detail entry scrutiny and minimizes disruption to general ACH processing, reconciliation and settlement.

Should Resource One staff encounter a transaction in the normal course of business initiated by a member/originator that would violate OFAC-enforced sanctions, it (Resource One) shall be responsible for freezing or rejecting the proceeds of said transactions. This includes unbundling “on us” transactions (i.e., Resource One is also the Receiving Depository Financial Institution (RDFI) for a transaction) from files received for processing from an Originator.

Resource One management and staff are aware that they are subject to the requirements of the *NACHA Operating Rules* and applicable U.S. law when processing ACH entries. This includes the need to comply with OFAC enforcement policies in the event that the credit union receives an ACH transaction being made to, from, or on behalf of any party subject to OFAC sanctions. The credit union has implemented a process to determine whether any of their account holders is identified as a blocked party in a current Specially Designated Nationals (SDN) List or Consolidated Sanctions List.

Parties Subject to OFAC

The following are subject to OFAC:

- All U.S. citizens and permanent resident aliens,
- companies located in the U.S.,
- overseas branches of U.S. companies, and, in some cases,
- overseas subsidiaries of U.S. companies fall under OFAC jurisdiction. In terms of the ACH Network, this means that
- all U.S. ACH participants, including
 - Originators,
 - Originating Depository Financial Institutions (ODFIs),
 - Receiving depository Financial Institutions (RDFIs),
 - Receivers and third-parties need to be aware that they can be held accountable for sanctions violations by the U.S. Government and must understand their compliance obligations.

Blocking, Reporting and Retention

Transactions resulting in OFAC sanctions shall be handled as follows:

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- Blocked accounts and proceeds shall be held in an interest-bearing status.
- Use standardized forms and follow instructions as provided by OFAC:
 - Transactions will be reported via fax within ten (10) days to OFAC's Compliance Programs Division, to include:
 - name and telephone number of a contact at the financial institution and,
 - (in the case of a frozen ACH credit) A copy of the payment instruction (e.g., the Company/Batch Header Record & Entry Detail Record).
- Records shall be maintained five years pursuant to regulatory requirements.

Acronym Definitions (Exhibit #1)

ACH – Automated Clearing House is a national electronic payment system that allows pre-authorized credits and debits to be posted automatically. Most commonly ACH allows companies to make deposits to employee’s accounts for payroll or similar purposes and/or to debit a customer’s account for billing and/or payment purposes. These transactions are performed electronically, unlike the traditional paper-based checking system.

NACHA – National Automated Clearing House Association – oversees America’s largest electronic payments network. NACHA’s primary roles are to develop and maintain the NACHA Operating Rules, to promote growth in ACH volume, and to provide educational services to its members and other ACH participants.

SWACHA – Southwest Automated Clearing House Association – regional ACH payment association provides management, education, assistance and services to link all types of financial institutions in Southwestern portion of the United States.

ODFI – Originating Depository Financial Institution – The ODFI is the institution that receives payment instructions and forwards the entries to an ACH operator (currently Southwest Corporate FCU)

RDFI – Receiving Depository Financial Institution – receives ACH entries from the ACH operator and posts the entries to the accounts of its members.

CUNA – Credit Union National Association

RECORDS PRESERVATION AND RETENTION POLICY

Records Retention

Part 749 of the NCUA Rules and Regulations require all federally insured credit unions to maintain a records preservation program to identify, store, and reconstruct their vital records in case their records are destroyed. Part 749 designates a credit union's financial officer with the responsibility for storing duplicate vital records at an off-site records center, but permits this responsibility to be delegated. This part also stipulates a schedule for storage, logging requirements, and record formats.

Part 749 also stipulates the minimum types of records that credit unions must store for the most recent month:

- A detailed list of share and/or deposit and loan balances for each member
- A financial report listing all asset and liability accounts
- A list of the credit union's banks, insurance policies, and investments, marked "permanent" and updated only when changes are made

Part 749 of the NCUA Rules and Regulations

Resource One CU will comply with rules, regulations, and retention schedules as prescribed by Part 749 of the NCUA Rules and Regulations.

Daily Database Backups

The Director of Innovations is responsible for daily backups. At the end of each business day, backups are to be created. A third party Service Provider will store these backups in the event of a loss during non-working hours. Backups are created for both member level and general ledger transactions.

Modifications & Changes to the System

Modifications and changes to the system will be copied immediately and transferred to the credit union's backup storage site.

Disaster Recovery Plan

Copies of Resource One CU's disaster recovery plan are to be maintained at the home of the Chief Financial Officer (CFO) and the Director of Innovations.

Destruction of Records

Destruction of such records should be carried out according to NCUA Rule 749. If carried out by an outside source a Certificate of Destruction should be received and filed attesting to the fact that such records were actually destroyed.

HISTORICAL RECORD OF POLICY CHANGES

Amendment

Date Revised: January 2010
Date Ratified: March 2010

Escheat – Dormant Accounts Policy
New Policy

International ACH Transaction Policy
New Policy

Name Change

Date Revised: May 2012
Date Ratified: June 2012

Chief Innovations Officer ~~Director of Innovations~~
Name change correction made throughout the policy.

Date Revised: March 2014
Date Ratified: March 2014

International Wires (page 7): This section was deleted because the credit union no longer offers international wires.

ACH Risk Assessment (page 11): This section was added to policy to properly reflect the annual risk assessment.

International ACH Transaction policy (page 12): Purpose section was updated to reflect changes in regulation since 1997.

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Date Ratified: April 2016

Section of Policy Change:

The policy was revised to include required language pertaining to Safe Deposit Boxes (page 3) and Escheat Accounts (page 9).

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