

## **Family First Credit Union Wire Transfer Policy**

### **General Policy Statement:**

A wire transfer is a method of transferring money from one entity to another. Family First will comply with all applicable Federal and State regulations and laws governing wire transfers, including Federal Reserve Board Regulation J, Subpart B (Funds Transfers Through Fedwire) and the Uniform Commercial Code.

The Credit Union will comply with all National Automated Clearing House Association (NACHA) operating rules for all payments accepted into accounts through one or more Automated Clearing Houses (ACH).

### **Guidelines:**

#### **1. WIRE TRANSFER AGREEMENTS.**

- A. **Member Agreement.** Prior to initiating or accepting a wire transfer, members will be required to execute a Wire Transfer Agreement that dictates the terms and conditions of access and/or execution of transactions with the Credit Union. If the member does not want to sign the wire transfer agreement, the Credit Union will refuse the payment order. The Credit Union will consult with legal counsel regarding the content of its Wire Transfer Agreement.
- B. **Third Party Agreements.** The Credit Union will continue to execute current agreements with equipment suppliers, the Federal Reserve Bank, corporate credit union, and third party vendors as applicable and necessary.

#### **2. PROCESSING.**

##### **A. Account Limitations.**

- i. The Credit Union will allow wire transfers into the following accounts:
  - 1. Regular Savings
  - 2. Money Market
  - 3. Checking
  - 4. Consumer Loans
  - 5. Mortgages Loans

- ii. The Credit Union will only allow wire transfers out of the following account(s):
  - 1. Regular Savings
  - 2. Money Market
  - 3. Checking
  - 4. Consumer Loans
  - 5. Mortgages Loans
- B. **Wire Transfer Hours.** The Credit Union's cut-off time for the receipt of incoming wire transfers is 4:00 pm during our normal hours and 3:00 pm during our summer hours. The Credit Union's cut-off time for the processing of outgoing wire transfers is 4:00 pm during our normal hours and 3:00 pm during our summer hours. Any payment order or communication amending or canceling a payment order received on a day other than a business day or after the cut-off times on a business day will be treated as if received at the opening of business on the next business day.
- C. **Verification.** Credit Union personnel will employ verification procedures to validate all members and transfer information prior to final execution.
- D. **Separation of Duties.** The Credit Union will ensure there is a separation of duties in receipt, initiation, verification, transmission and reconciliation of transfers. Each employee will initial the transfer forms to designate the process each performs.
- E. **Balance Reviews.** Before initiating a transfer, Credit Union personnel will review a member's account balance.
  - i. **Insufficient Funds.** When a member has insufficient funds to cover a wire request, the Credit Union will notify the member that the transfer request has been rejected.
- F. **Stopping or Delaying Transactions.** The Credit Union will delay or stop any payment order transmission if such transmittal would result in the Credit Union's exceeding any limitations established pursuant to Federal Reserve policy, National Credit Union Administration policy, or Credit Union guidelines, or otherwise violated any provision of any Federal or State statute, regulation or rule.
  - i. Individual requests that exceed an employee's authorization limit must be approved by management. Such authorization will be documented.

G. **Rejecting Transactions.** The Credit Union reserves the right to reject any payment order issued to it by the member for any reason.

H. **Sequential Numbering.** Forms are sequentially numbered on all transfers.

I. **Receipt of Wire Transfers.**

- i. Pursuant to a signed agreement, the Credit Union will notify members of an incoming wire transfer as part of the member's periodic statement. The Credit Union will not provide a special notice every time it receives a wire transfer into a member's account.
- ii. If there is no written agreement, the Credit Union will notify the beneficiary of the receipt of a wire transfer by midnight of the business day following receipt of the funds.
- iii. The Credit Union may mutually agree with a member to notify him/her by other means on the same day that a wire transfer is received or on the next business day.
- iv. **Crediting of Accounts.** Pursuant to Section 2(B) above, if a member receives a wire into an account before the cut-off time, the Credit Union will consider that day to be the day of deposit. However, if a wire is received after the cut-off time or on a day the Credit Union is not open, the Credit Union will consider the deposit to have been made on the next business day that the Credit Union is open.
- v. **Crediting of loan accounts.** Pursuant to Section 1026.10 of Regulation Z, the Credit Union will credit a payment wired into an account to pay a loan on the date the payment is actually received, unless when a delay in crediting a payment does not result in a finance or other charge. The Credit Union may also delay in crediting a payment (but must credit the payment within five days of receipt) when a member fails to follow specific requirements for making a payment that are outlined by the Credit Union on or with the periodic statement.
  1. If the Credit Union fails to credit a payment in time to avoid the imposition of a finance charge or other charge (such as a late payment charge), the Credit Union will adjust the member's account during the next billing cycle to delete all

finance and other charges that were improperly imposed.

- J. **Suspicious Activity.** Pursuant to the Credit Union's Bank Secrecy Act policy, personnel will promptly notify management whenever suspicious activity occurs, including transactions that are blocked or rejected.
- K. **Review.** All printed copies of transfers will be reviewed to ensure correctness of transmission.
- L. **Documentation.** All transactions will be documented for audit purposes.
- M. **Processing Fee.** The Credit Union may charge a fee for processing incoming and outgoing wires. (See Fee Schedule)

### 3. **TRANSFER REQUESTS.**

- A. **Standard Forms.** Standard forms are used for all requests.

### 4. **BALANCING.**

- A. Transfer activity is balanced periodically each day.
- B. All transfer advices are reconciled to account entries on a daily basis.

### 5. **PERSONNEL.**

- A. Relatives of employees who process wire transfers are not permitted to work in the Credit Union's accounting and data processing departments.
- B. Background checks will be performed on all individuals before they are hired into or assigned to the fund transfer department. These checks will be documented.
- C. All personnel are trained in the areas of security and control.
- D. When a notification of resignation is received, management will move the employees assigned to the fund transfer department to another department, or will otherwise remove their capability to process wire transfers.
- E. All terminated employees' access rights to funds transfer software and hardware are removed promptly.

- F. All employees with wire transfer capabilities are subject to unannounced rotation of responsibilities at any given time.
- G. Pursuant to the Credit Union's employment policies, employees are required to take at least five (5) consecutive days off. Wire transfer duties will be assigned to other employees during this time.

#### **6. CONTROLS.**

- A. The Credit Union will limit the number of employees with physical access to the wire transfer system.
- B. Management will review wire transfer reports on a periodic basis that document wire transfer activity for each authorized employee. These reports will include the appropriate limits and authorized access levels for each employee, and will provide the outline of a separation of duties.
- C. Before changes may be made in the employee fund transfer limits, they must be properly authorized in the software by management.
- D. All wire disbursements require two approvers.

#### **7. Wire Limits.** The following are limits for initiating wires:

- A. Accounting Specialist- \$500,000 with verification and approval by second employee
- B. COO - \$500,000 with verification and approval by second employee
- C. EVP/CFO- \$1,000,000 with verification and approval by second employee

#### **8. CONTROLS FOR MORTGAGE RELATED WIRES.**

- A. The Credit Union will limit the number of employees with wire transfer authority for mortgage transactions.
- B. No employee will be unilaterally authorized to issue or accept a wire transfer related to a mortgage.
- C. No employee that is involved in the mortgage loan origination process (underwriters, appraisers, loan officers, etc.) will originate or verify a

mortgage loan related wire.

D. All wire disbursements for mortgage transactions require two approvers.

**9. ERRONEOUS OR UNAUTHORIZED PAYMENT ORDERS.**

- A. The Credit Union will attempt to recover erroneous wire transfer payments made to other financial institutions. In the event that it is the Credit Union's error, the Credit Union will attempt to recover the payment from the beneficiary.
- B. To limit liability, members must notify the Credit Union of any unauthorized transfer that appears on a periodic statement within 60 days of the Credit Union's transmittal of the periodic statement. If the member fails to fulfill his/her duty to notify, the Credit Union would not be liable to the member for any subsequent similar occurrence which the Credit Union could have prevented had it received such notice.

**10. FOREIGN WIRES.** The Credit Union reserves the right to cease foreign wire services for members at any time.

Based on Guidance from the Consumer Financial Protection Bureau (CFPB) and amendments to Regulation E, foreign wires will be monitored for compliance and frequency to ensure that these International Remittance Transfers comply with Federal regulations.

The Credit Union will only comply with the International Remittance Transfer (IRT) requirements if the Credit Union provided 100 or more IRTs (including wires and all other electronic transactions) in the previous calendar year, and has provided 100 or more remittance transfers in the current calendar year. The Credit Union will monitor IRT transactions to ensure they comply with Regulation E requirements in the event they are exempt from the rule and perform IRTs that exceed the regulatory exemption threshold and would qualify them for compliance with the regulation.

In the event that the Credit Union is not exempt from International Remittance Transfer requirements in Regulation E, the Credit Union will follow guidance provided in the Credit Union's International Remittance Transfers Policy, in addition to the policy guidance presented in this policy.

**11. AUDIT.** The Credit Union's annual audit will include a review of the wire transfer operation. This will include a review of the insider account activity.

**12. REGULATORY/LEGAL COMPLIANCE.** The Credit Union will comply with all applicable Federal and State regulations and laws governing wire transfers.

**A. Office of Foreign Assets Control (OFAC).** Pursuant to the Credit Union's OFAC policy, the Credit Union will ensure that both sides of a domestic and/or foreign wire transfer will be processed through the OFAC Specially Designated Nationals (SDN) list. Matches will be handled pursuant to Policy 2145.

**B. Unlawful Internet Gambling.** The Credit Union will follow the guidance of the Credit Union's Unlawful Internet Gambling Policy (See Policy 2205) in regards to Wire Transfers.

**13. RECORDKEEPING.**

**A.** For all wire transfers of \$3,000 or more excluding ACH, ATM or on a point-of-sale system, the following information will be retained:

**i. Credit Union Originates Wire.** When the Credit Union originates a wire transfer, the Credit Union will retain the following: (a) name; (b) address; (c) amount of transfer; (d) date of transfer; (e) any payment instructions; (f) identity of beneficiary's financial institution; and (g) beneficiary's name, address and account number.

**1. Travel Rule Requirement.** When submitting a transmittal order, the Credit Union will include the following information to the receiver:

- a. Name of transmitter and the account number of the transmitter (if the payment is ordered from an account);
- b. Address of the transmitter;
- c. Amount of the transmittal order;
- d. Date of the transmittal order;
- e. Identity of the transmitter's and recipient's financial institution; and
- f. As much of the following information of the recipient as possible: name, address, account number and any

other specific identifier.

- ii. **Credit Union Received Wire.** When the Credit Union receives a wire transfer, the Credit Union will do the following: (a) retain a copy of the payment order; (b) verify the beneficiary's name and address; and (c) keep a record of the means used to verify the name and address, along with the person's social security number, alien ID or employee identification number (EIN).