



February, 2017

Dear CU PolicyPro Client,

What just happened to February?

The NCUA made changes to Part 701 of their rules including Appendix B which contains the Chartering and Field of Membership Manual, and 701.36, related to federal credit union's occupancy and disposal of acquired and abandoned premises. These changes became effective on February 6, 2017 and January 20, 2017 respectively.

Please note that these changes will only impact our federally chartered credit unions. In our next content update (due out in March) we will be making updates to Policy 1150 – Field of Membership and Policy 5500 – Ownership of Fixed Assets.

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Monthly OPS Notes Release: FCU Field of Membership and Ownership of Fixed Assets

[Chartering and Field of Membership Manual](#)

There were significant changes made to the Field of Membership Manual. The NCUA indicates that they made these changes to maximize access to federal credit union membership (to the extent permitted by law) and to organize the rules in a more efficient framework. There were changes made to the definition of a local community, a rural district and an underserved area. There was also an expansion of the multiple common bond credit union, expansion of a single common bond credit union that serves a trade, industry or profession (TIP) and the process for applying to charter or expand the charter of a federal credit union. Below are summaries of some of the changes:

Multiple Common Bond

The rule added the ability that already exists for single common bond credit unions, which is to add persons who work regularly for an entity that is under contract to any of the SEG sponsors in a credit union's charter, provided there is a strong dependency relationship with the contract and the SEG sponsor.

Armed Forces

Honorably discharged veterans who served in any of the Armed Services of the US listed in a credit union's charter will automatically be granted membership eligibility.

Single Occupational Common Bond within a TIP (Trade, Industry or Profession)

The final rule clarified that the existing definition of a TIP-based single common bond of occupation includes employees of entities that have a strong dependency relationship on, and whose employees work directly with, employees of other entities within the same industry to the extent, for example, that the absence of one likely would cause the other to suffer a material decline in either revenue, functionality or productivity, among other consequences.

[Part 701 \(701.36 Federal credit union occupancy and disposal of acquired and abandoned premises\)](#)

The NCUA finalized amendments to its regulations governing federal credit union occupancy, planning, and disposal of acquired and abandoned premises, and its regulation regarding incidental powers. The final rule eliminates the previous requirement that a federal credit union must plan for and eventually achieve full occupancy of acquired premises. The requirements for "partial occupancy" remain, but the definition was revised to mean occupation and use on a full-time basis of at least fifty percent of the premises by the FCU, or by a combination of the FCU and a CUSO in which the credit union has a controlling interest in accordance with Generally Accepted Accounting Principles (GAAP). The incidental powers were also revised to clarify that an FCU can lease or sell excess capacity in its facilities, but it need not anticipate that such excess capacity will be fully occupied by the FCU in the future.

Content FAQs

Question: Under the new "fixed assets rule" is the federal credit union still required to plan for and achieve full occupancy of any acquired premises?

Answer: No, the NCUA actually eliminated this requirement from the previous rule. Federal credit unions are now required to **partially occupy** the premises (including unimproved land or unimproved real property) within a reasonable period, but no later than six years after the date of acquisition (without an NCUA waiver). Under the new rules, "partially occupy" means occupation and use, on a full time basis, of at least fifty percent of each of the premises by the federal credit union, or the federal credit union and a credit union service organization in which the federal credit union has a controlling interest in accordance with Generally Accepted Accounting Principles (GAAP).

Question: Our federal credit union is a single common bond credit union that is based on employment in a trade, industry, or provision (TIP). Do the new rules allow our TIP's vendors to be eligible for membership?

Answer: The revised chartering manual indicates that on a case by case basis, employees of entities that have a "strong dependency relationship" and work directly with other types of entities within the TIP charter may be eligible for membership. A "strong dependency relationship" between a TIP entity and its vendor/supplier must be demonstrated by their reliance on each other as measured by the presence of indicators of a likelihood that the absence of one would cause the other to suffer a material decline in either revenue, functionality or productivity.

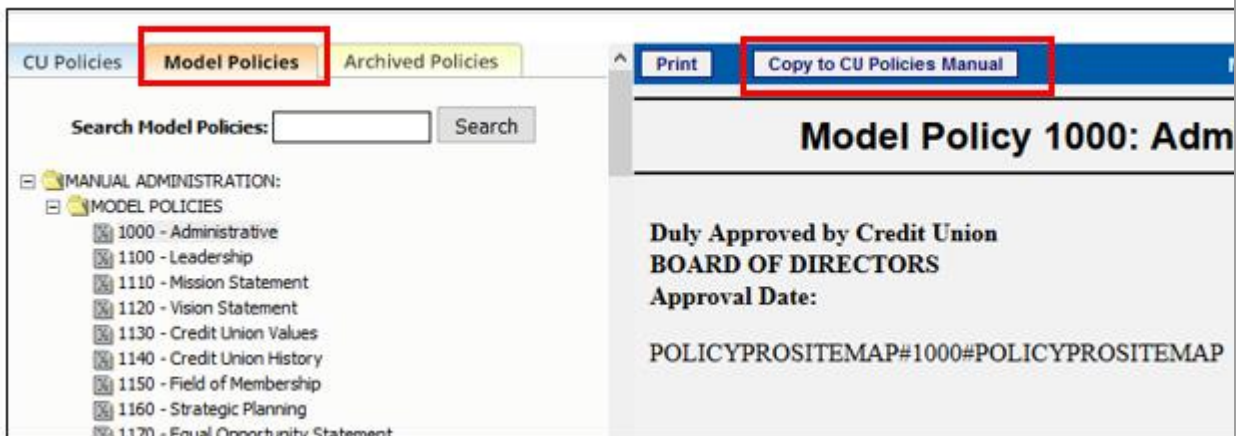
A credit union seeking to include a clause of this type in its TIP charter must provide a brief narrative identifying indicators that support the existence of a strong dependency relationship between the TIP entity and its individual vendor/supplier.

Technical FAQs

Question: I have deleted a top level chapter folder in CU Policies and now I can't see any of the policies for that chapter. What do I need to do?

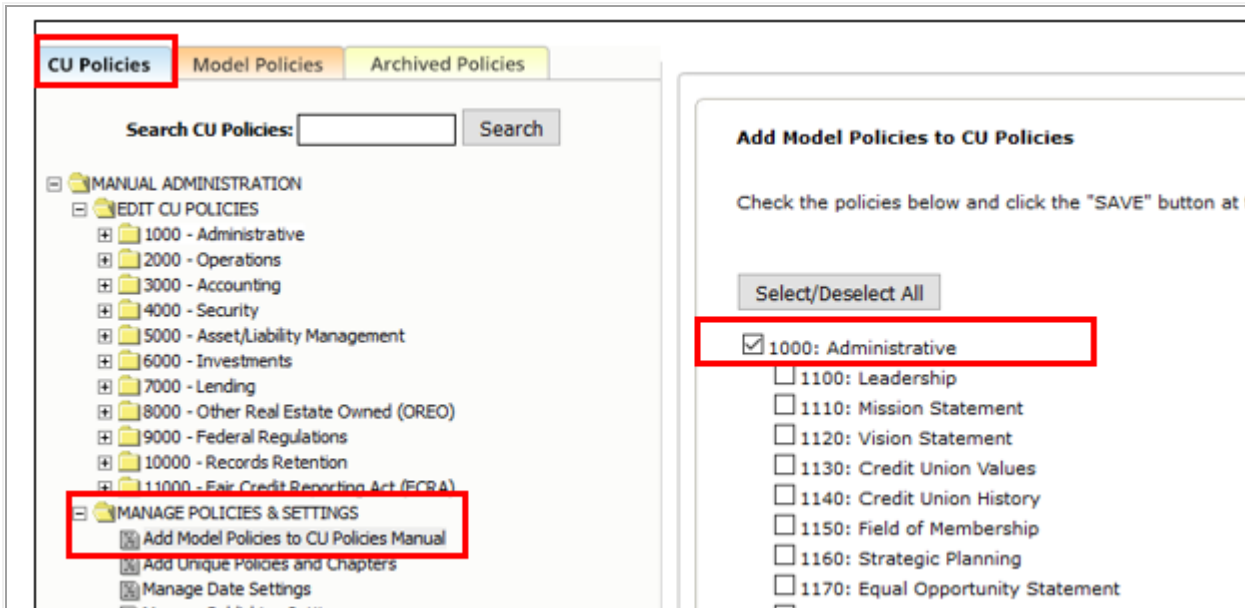
Answer: If you have deleted a top level chapter folder, don't worry! Your policies are still in the system (unless you have deleted the policies as well).

To restore the chapter folder go to the "**Model Policies**" area and click on that top level chapter folder and use the "**Copy to CU Policies**" button at the top of the screen to move the folder back to your CU Policies manual.



The screenshot displays the CU Policies system interface. At the top, there are three tabs: "CU Policies", "Model Policies" (highlighted with a red box), and "Archived Policies". Below the tabs is a search bar labeled "Search Model Policies:" with a "Search" button. The main content area shows a tree view of "MANUAL ADMINISTRATION:" with a sub-section "MODEL POLICIES" containing a list of policy folders: 1000 - Administrative, 1100 - Leadership, 1110 - Mission Statement, 1120 - Vision Statement, 1130 - Credit Union Values, 1140 - Credit Union History, 1150 - Field of Membership, 1160 - Strategic Planning, and 1170 - Equal Opportunity Statement. On the right side, there is a "Print" button and a "Copy to CU Policies Manual" button (highlighted with a red box). Below these buttons, the text "Model Policy 1000: Adm" is visible, followed by "Duly Approved by Credit Union BOARD OF DIRECTORS" and "Approval Date:". At the bottom, the text "POLICYPROSITEMAP#1000#POLICYPROSITEMAP" is displayed.

Another option is to use the "**Add Model Policies to CU Policies**" utility under the "**Manage Policies and Settings**" folder in CU Policies. Click the checkbox of the chapter you need to restore and then click save to add it back to your CU Policies manual.



[Click here for written instructions.](#)

A few notes:

- Sometimes the chapter folder has not been deleted, but re-numbered, which turns it into a policy and not a top level chapter folder. Chapter folders must be divisible by 1000 in order for the program to recognize it as a chapter folder and to make it function as a chapter folder. If you cannot find your chapter folder, check the CU Policies Report under the "Reports" folder. This will show you all of your policies (even those without a chapter folder available). If you discover your chapter folder in this area, you can click on the name of the item to open it in editing mode, and change the number for this item back to the correct chapter number. Save the item and your chapter folder will be restored.
- Be careful not to add a chapter folder twice. This will display both chapter folders and the policies inside will show under both chapter folders, making it look as if you have duplicate policies when there may not be duplicate policies. If you notice you have a duplicate chapter folder, delete just the chapter folder first, then review the policies within the chapter folder to determine whether or not there are duplicate policies.

If you have any questions or need more information, please do not hesitate to contact our support team at polycysupport@cusolutionsgroup.com.

Questions?

If this information was forwarded to you, and you'd like to be on the distribution list to receive information and updates related to CU PolicyPro, or if you have any questions regarding the CU PolicyPro content, or questions on how to use the system, please contact

polycysupport@cusolutionsgroup.com.

Thanks and have a great week!

