

Perform Analysis Regarding Type of Documentation Accepted

Credit unions are using a variety of identification forms to serve the Hispanic market. While the type of form that is acceptable to one credit union may not be acceptable to another, virtually every credit union serving the Hispanic market is requesting two forms of identification.

Credit unions always have been the financial institutions that served people of modest means—it's just part of your people-helping-people philosophy and culture. And as you fight to maintain your tax-exempt status, your ability to document efforts to serve people of modest means will only grow in importance.

This step—on documentation acceptance—will serve to help you map out the course you want to take.

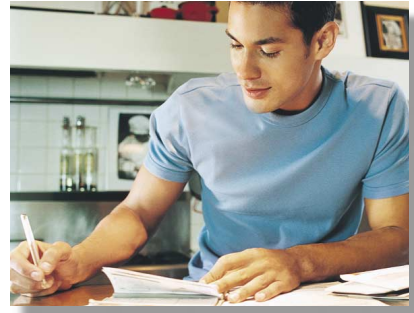
Here are several types of documents that credit unions are using for identification purposes:

1. Matricula Consular card
2. Mexican voter ID/registration card
3. State ID
4. Birth certificate
5. Driver's license
6. Individual taxpayer identification number (ITIN) (Water and Power Community CU, Los Angeles)
7. U.S. passport
8. Military ID
9. Green card (Delaware FCU, Dover, Del.)
10. Credit reports

Here are several credit union documentation acceptance practices that are currently being used:

Financial Plus CU, Ottawa, Ill., accepts Matricula

Consular ... gives ITIN application form to member ... gives member up to six months to bring ITIN to credit union, otherwise, credit union closes account



Memphis Area Teachers CU, Memphis, Tenn., makes members fill out a W-7 (ITIN) form, if they don't have a Social Security number ... opens an account for member, but the member has 60 days to bring ITIN number in ... writes a letter to the member after 30 days to request the ITIN ...

Consumers Cooperative CU, Waukegan, Ill., accepts Matricula card and opens a safe advantage savings account ... allows members with ITINs to be eligible for interest-bearing accounts

Dover NJ Spanish American FCU, Dover, N.J., validates home and foreign address ... does this in case the individual gets deported, injured, etc.

Great Wisconsin CU, Madison, Wis., checks OFAC (Office of Foreign Assets Control) and Chex Systems every time a member opens an account to make sure there was no falling out with another institution. (The Chex reporting system keeps the information on file for at least five years) ... makes members that had a falling out eligible for a provision-ary checking account if they do the following:

- attend the "get checking" class
- pay a \$20 fee/month
- maintain a good account for one year

... allows members to open a regular checking account if they fulfill all those requirements

Neighborhood CU, Dallas, will process membership without a Social Security number provided member fills out W-7 (ITIN) form ... temporarily opens an account with all "8's" and with credit union address, so the member can come again (cross-sell products) to pick number up ... makes member ineligible for loans until he/she gets an ITIN number

Arrowhead CU, San Bernardino, Calif., uses ITIN to open accounts, but not to issue loans:

- If the member has an ITIN and Matricula, then credit union opens an interest-bearing account or noninterest bearing account ...

The credit union requires a W-8BEN form which is for Canadian foreign nationals and is not subject to tax withholding. Definition of statement: Every three years, Canadian foreign nationals living in the U.S. can fill out and sign a W-8BEN form provided by their financial institution. Therefore, Canadian foreign nationals are exempt from having taxes withheld by the U.S. institution.

With immigration and security issues getting maximum attention from regulators, identification of undocumented members can generate issues for your credit union. Some credit unions reported that undocumented immigrants were not an issue until the PATRIOT Act became law.



Here's an example of issues that have surfaced:

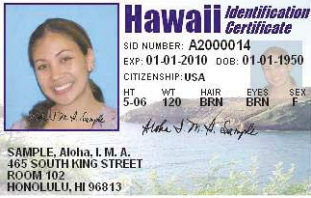
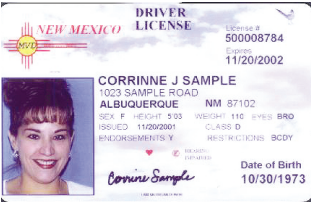
Primeway FCU, Houston, accepts the Matricula to offer nondividend-earning accounts, but pushes members to get their immigration status cleared up ... found that loss ratios for members with Matricula cards were the same as general population ... puts only three restrictions (to be qualified for a credit builder loan up to \$500): (1) proof of employment, (2) requires residence for at least six months and (3) absence of bad credit.

Documentation Acceptance Analysis Matrix

Instructions:


Review several types of identification that are being accepted at credit unions and complete/modify the following matrix to meet your needs.

Accepted ID name	Description of accepted ID name	Types of credit union services that can be issued with this ID
Matricula Consular	<p>Stated from the <i>Credit Unions Serving Hispanics: A National Perspective</i>, The Matricula Consular is an identification card issued by the Mexican government to all Mexican citizens living in the U.S. The card allows Mexican immigrants in the U.S. a way to present identification and qualify for bank and credit union services.</p> 	
Mexican voter ID/ registration card	<p>The voter ID allows a Mexican citizen to exercise the right to vote. It is proof that the person is 18 years old and is a citizen of Mexico.</p> 	
State ID	<p>A nondriver identification card provides proof of identity and date and place of birth. According to the state of Vermont Department of Motor Vehicles Web site (www.dot.state.vt.us), proof of identity must be one primary document and one secondary document. A primary document must contain the full name and date of birth and must be verifiable; i.e., the department must be able to contact the issuing agency to determine the authenticity of the document. Additional documentation may be required at the department's discretion if documentation submitted is questionable or if there is reason to believe the person is not who she/he claims to be. The name, date of birth, and place of birth shown on an application for a nondriver identification card must match the information shown on the proof of identity documents submitted with the application.</p>	

Accepted ID name	Description of accepted ID name	Types of credit union services that can be issued with this ID
State ID (continued)	<p>Applicants must bring original documents with them to a Department of Motor Vehicles customer service counter.</p> <p>Above is an example of a Hawaii state ID.</p> 	
Birth certificate	<p>Provides proof of a person's full name at birth, date of birth, city and county of birth, gender, and parents' names.</p>	
Driver's license	<p>A state driver's license shows that you have established residency in the state. Most states define residency as the following: voting in an election, paying resident tuition, filing for a homeowner's property tax exemption, or any other privilege or benefit not ordinarily extended to nonresidents.</p> <p>http://www.driverslicenseguide.com/intl.asp</p> 	
ITIN	<p>As stated on the irs.gov Web site, "An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service. It's a nine-digit number that always begins with the number 9 and has a 7 or 8 in the fourth digit, example 9XX-7X-XXXX. The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain a Social Security number (SSN) from the Social Security Administration (SSA). ITINs are issued regardless of immigration status because both resident and nonresident aliens may have U.S. tax return and payment responsibilities under the Internal Revenue Code. Individuals must have a filing requirement and file a valid federal income tax return to receive an ITIN, unless they meet an exception. ITINs are for federal tax reporting only, and are not intended to serve any other purpose. An ITIN does not authorize work in the U.S. or provide eligibility for Social Security benefits or the Earned Income Tax Credit. ITINs are not valid identification outside the tax system. IRS issues ITINs to help individuals comply with the U.S. tax laws, and to provide a means to efficiently process and account for tax returns and payments for those not eligible for SSNs."</p>	

Accepted ID name	Description of accepted ID name	Types of credit union services that can be issued with this ID
U.S. passport	<p>As stated on the <i>travel.state.gov</i> Web site, “A passport is an internationally recognized travel document that verifies the identity and nationality of the bearer. A valid U.S. passport is required to</p> <div data-bbox="451 338 927 716" data-label="Image"> </div> <p>enter and leave most foreign countries. Only the U.S. Department of State has the authority to grant, issue, or verify U.S. passports.”</p>	
Military ID	<p>According to <i>Military.com</i> Web site, a military ID is defined as the following: “The Department of Defense, through the Real-Time Automated Personnel Identification System (RAPIDS), issues service members’ eligible dependents and other eligible individuals a distinct identification card (ID) authorizing them to receive Uniformed Services benefits and privileges. Normally, family members and other dependents receive a DD Form 1173-1, the DOD Guard and Reserve Dependent ID Card (red). These cards do not authorize eligibility for medical benefits and commissary privileges in and of themselves. They will assist family members in accessing these privileges when accompanied by a copy of the service member’s orders to active duty or a commissary privilege card. The cards do authorize access to exchange and certain morale, welfare, and recreation (MWR) privileges.</p> <p>The DD Form 1173-1 serves as proof that individuals have been pre-enrolled in the Defense Eligibility Enrollment System (DEERS). This is an important first step in obtaining family member and dependent medical treatment when the service member is called to active duty for 31 consecutive days or more. When the service member is called to active duty for more than 30 days, part of the processing for entry on active duty should be the completion of DD Form 1172 (Application for Uniformed Services Identification Card). This application, along with surrender of the DD Form 1173-1, will allow family members and dependents to receive the DD Form 1173 (tan). These cards will authorize appropriate</p>	

Accepted ID name	Description of accepted ID name	Types of credit union services that can be issued with this ID
Military ID (continued)	medical, commissary, exchange, and MWR benefits and privileges for the period of active duty specified on the member's orders."	
Green card	Stated from the <i>Credit Unions Serving Hispanics: A National Perspective</i> , "every year, the government makes 50,000 immigrant visas available through the Diversity Visa Lottery Program, or the Green Card Lottery. The government offers this program to people who come from countries with low immigration rates to the U.S. These visas are not available to people coming from countries that have sent more than 50,000 immigrants to the U.S. in the past five years. Immigrants selected under this program receive permanent residence visas and the legal right to live, work, and study here. It also gives them the right to bring their spouse and any unmarried children under the age of 21."	
Credit report	The Fair and Accurate Credit Transactions Act (FACT Act) of 2003, which amends the Fair Credit Reporting Act (FCRA), requires each of the nationwide consumer reporting companies—Equifax, Experian, and TransUnion—to provide you with a free copy of your credit report, at your request, once every 12 months. The FCRA promotes the accuracy and privacy of information in the files of the nation's consumer reporting companies. The Federal Trade Commission (FTC), the nation's consumer protection agency, enforces the FCRA with respect to consumer reporting companies. A credit report includes information about where you live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Nationwide consumer reporting companies sell the information in your report to creditors, insurers, employers, and other businesses that use it to evaluate your applications for credit, insurance, employment, or renting a home.	
Others?		



The Following Pages Are
Credit Union Samples

Customer Identification Program

In accordance with the rules related to the USA Patriot Act of 2001, the credit union will implement procedures which support the Customer Identification Program (CIP) approved by the Board of Directors which will include the following requirements:

1. The credit union will implement reasonable procedures for verifying the identity of any person seeking to open any type of account.
2. The definition of “account” means each formal banking or business relationship established to provide ongoing services, dealing or other financial transactions.
3. The following services or product each constitute as an account
 - a. A deposit / savings account,
 - b. transaction / checking account,
 - c. any extension of credit or line of credit,
 - d. or the rental of a safe deposit box or similar safe keeping service.
4. Excluded from the definition of account are products and services where a formal banking relationship is not established, such as:
 - a. Check cashing, wire transfer, or the sale of negotiable instruments (cashiers check, money orders, and traveler checks).
 - b. Member accounts which are acquired through an acquisition, merger or purchase of assets from another financial institution.
5. For CIP purposes, the definition of “customer” will include:
 - a. A person that opens a new account
 - b. An individual who opens a new account for an individual who lacks legal capacity, such as a minor; or an entity that is not a legal person.
6. For CIP purposes, customer does not include:
 - a. Financial institutions regulated by a State or Federal functional regulator,
 - b. Government agencies or publicly traded companies, or
 - c. Persons with an existing account with the credit union provided the credit union has a reasonable belief that it knows the true identity of the person.
7. Procedures implemented for the verification process will be determined by considering the level of risk presented by the type of account or service requested and the method in which the customer is applying for the service.
8. The credit union can rely on existing Customer Identification records on file for verification, assuming there are no substantial changes.

Identification Information Required

1. The credit union must obtain the following information from any member / customer prior to opening a new account:
 - a. A complete name, as it appears on a government-issued document.
 - b. A residence and, if different, mailing address.

- c. For persons other than individuals, such as corporations and small businesses, principle place of business and, if different, mailing address.
 - d. Date of birth
 - e. For U.S. persons, a U.S. taxpayer identification number (social security number, individual taxpayer identification number, or employer identification number).
 - f. For non-U.S. persons, two or more of the following: a U.S. taxpayer identification number; passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph.
2. The credit union will verify identity on members and non-members who are joint owners on accounts, co-borrowers on loans or joint lessees of safe deposit boxes.
 3. In cases where the person lacks the legal capacity to open an account, such as a minor, or where the entity is not a legal person, such as a sole proprietorship or non profit organization, the credit union will verify the identity of those individuals who open the account or who will control the account.

Verification Methods – Through Documents

1. For persons requesting to open new accounts or services done in person and at a credit union branch, documents will be required in order to verify the identity of all individuals applying or who will act as a signatory on an account.
2. At a minimum two pieces of identification will be required of which one document will consist of an unexpired government-issued identification evidencing nationality or residence and bearing a photograph. Examples of such documents include a driver's license, state issued photo identification, passport, or national identity card for non-U.S. persons. Examples of the second document could include, but are not limited to, a Tax ID card, a debit or credit card, employee issued company identification card, or association or membership club card.
3. For corporations and small businesses, documents showing the existence of the entity, such as registered articles of incorporation, a government issued business license, or partnership agreements are required as well.
4. The credit union will utilize multiple independent sources to verify and validate identification provided, including but not limited to:
 - a. Contacting the member / customer, or other reliable source, such as an established family member / customer.
 - b. Independent information sources, such as credit bureaus, public databases, or other third party vendors.
 - c. Risk assessment profiles will be established and utilized to determine if further investigations are necessary.

Verification Methods – Non-Documentary

1. Non-documentary verification methods will be used In cases where a person is unable to present an unexpired government-issued identification, documents presented are unrecognizable, or in situations where a person is not present.
2. The credit union will also rely on non-documentary methods to verify the identity of members / customers and non-members when a request to open an account is made by:
 - a. telephone,
 - b. mailed-in,
 - c. Internet banking,
 - d. or by a third party affiliate or agent (for example: car dealership / indirect lending).

3. The credit union will rely on all of the following verification methods to determine a reasonable belief the identity of the person is known:
 - a. Independent information sources, such as credit bureaus, public databases, or other third party vendors.
 - b. Contacting the member / customer in forms of correspondence (such as US Mail) with the intent to confirm the person's request to establish the account requested and the identification information provided.
 - c. Risk assessment profiles will be established and utilized to determine if further investigations are necessary.

Reliance on Others

1. The credit union may choose to utilize car dealers or mortgage brokers who may act as agents for the credit union and perform identity verification services in the connection with a loan. In any case, the credit union assumes all responsibility for that agent's compliance with the requirements of the credit union's CIP policy and procedures.
2. The credit union may also rely upon another financial institution, including an affiliate, to perform identity verification services as well. However, certain requirements must be met as defined by the USA Patriot Act in order to rely on another financial institution:
 - a. Reliance must be reasonable under the circumstances,
 - b. The other financial institution must be subject to a rule implementing the anti-money laundering requirements and be regulated by a federal functional regulator, and
 - c. The other financial institution enters into a contract requiring it to certify annually its anti-money laundering program and that it will perform the specified requirements of the credit union's CIP program.

Lack of Verification

1. In situations where the credit union cannot form a reasonable belief that it knows the true identity of a member / customer the account is not opened. However, the credit union may:
 - a. Request, additional documentation from the member / customer in order to verify and validate the identification information.
 - b. Additional documentation would include un-expired government issued document, debit or credit cards, government issued statements (such as unemployment or disability notices) or utility bills reflecting the person's name and residence address. A record of these additional documents used will be part of the records retained to verify the member/customer's identification.
 - c. Accounts owned by members / customers profiled as high risk may be closed by the credit union if a reasonable belief of the person's identification can not be determined.
 - d. The credit union's Compliance Officer will be notified of any accounts profiled as high risk for a determination if a Suspicious Activity Report (SAR) should be filed.

Recordkeeping Requirements

1. The credit union will maintain a description of all documents utilized during the verification process of the member's / customer's identification.
2. The credit union's records will include:
 - a. The identifying information obtained from a member/customer at account opening (name, address, date of birth, TIN)
 - b. A description of the document(s) relied upon in order to verify the identity of the member/customer
 - c. Type of document(s)
 - d. Identification number of the document(s)
 - e. Place of issuance of the document(s)
 - f. Expiration date of the document(s)

- g. Description of the methods and results of non-documentary methods of verification
 - h. Description of the resolution of any discrepancy when verifying the identifying information obtained
3. Record retention may include original or electronic images of documents and shall be stored in such a way as to be accessible within a reasonable period of time, taking into consideration the nature of the record, and the amount of time expired since the record was made.
 4. All documents, reports, and log sheets related to BSA and its related laws will be maintained for five years.
 5. The credit union will retain the identifying information and all other required records for five years after the date the account is closed.

Comparison with Government Lists

1. The credit union will include procedures of checking members / customers opening new accounts to any list of known or suspected terrorists or terrorist organizations provided by any federal government agency.
2. The credit union will comply with directives issued by the Office of Foreign Assets Control (OFAC) with respect to its Specially Designated Nationals and Blocked Persons list (SDN list).
3. Furthermore, the credit union will block or freeze property and payment of any funds transfers or transactions involving those blocked countries or members / customers whose names appear on the SDN list, and report the blocks within 10 days of its occurrence.

Notice to Members / Customers

1. The credit union will utilize several methods of notifying the member / customer of its requirements of verifying and validating identification information, such as:
 - a. Posted notices at all branches
 - b. Statement inserts
 - c. Written or oral notices
 - d. Electronic notices
2. Notice Language:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT
 To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.