

Dormant Account and Escheats Policy

Objective

The following policies regarding unclaimed property and inactive accounts are hereby adopted by the Board of Directors of the Norway Community Credit Union to meet the following objectives:

- * Establish proper internal controls over transactions on inactive accounts;
- * Promote reactivation of inactive accounts; and
- * Ensure compliance with the Michigan Uniform Unclaimed Property Act.

Responsibility

The Chief Executive Officer (CEO)/Manager shall designate an individual who shall be responsible for monitoring inactive accounts and for the administration of the credit union's unclaimed property compliance program as detailed below.

Inactive Accounts Policy

An inactive account shall be defined as an account on which there has been no activity, other than the posting of dividends, for a period of one year or more. All transactions on inactive accounts shall be verified and approved by a supervisor. A report of all such transactions shall be regularly maintained, and submitted to the CEO/Manager for review on a monthly basis. If a transaction on a previously inactive account is executed by The individual responsible for unclaimed property compliance, that transaction must be verified and approved by the CEO/Manager.

All accounts that have had no activity for 2 years or more shall be subject to a \$5.00 per quarter inactive fee.

Unclaimed Property Policy

Abandoned property shall be defined as property, which has been unclaimed for a period of 5 years or more as of June 30 of each year. The term "abandoned property" includes such items as unpaid credit union teller (cashier's) checks, which were issued more than 2 years prior to June 30 of each year. It also includes accounts on which there has been no activity, other than the posting of dividends, for a period of 5 years or more as of June 30 of each year.

An account will not be considered abandoned property, even though it otherwise meets this definition, if the owner of the account has made transactions on another account

under the same primary account number within the 5 year period, or has indicated to the credit union, in writing, that he has not abandoned his account.

The Michigan Uniform Unclaimed Property Act requires that abandoned property be sent to the state each year. The individual responsible for unclaimed property compliance shall be responsible for the implementation of written procedures that ensure compliance with this requirement. These procedures must, at a minimum, contain the following:

- A method for identifying accounts and other unpaid items which meet the definition of "abandoned property"
- A method by which members whose accounts are scheduled to be sent to the state are notified [*Note: The Michigan Uniform Unclaimed Property Act requires that the owners must be notified not less than 60 nor more than 365 days prior to the date the funds will be sent to the state*];
- A provision emphasizing the credit union's preference for reactivating an inactive account, rather than closing it and sending the funds to the state; and
- A requirement that written records of all unclaimed property compliance activity be permanently kept at the credit union.

UNCLAIMED PROPERTY REPORT PROCEDURE

The following procedures must be followed each year to ensure credit union compliance with the Michigan Unclaimed Property Act:

- On or about July 1 of each year, the individual responsible for unclaimed property compliance shall prepare a report listing all accounts, unpaid drafts, etc., which meet the definition of "abandoned property" as defined in the credit union's Unclaimed Property / Inactive Accounts Policy.
- On or about July 14 of each year, the individual responsible for unclaimed property compliance shall mail a notice to all members listed on the report of abandoned property. This notice shall encourage the members to reactivate their accounts or otherwise confirm that they have not abandoned their accounts. When an account is reactivated, or the member has confirmed he has not abandoned his account, the individual responsible for unclaimed property compliance shall delete that member's name from the list.
- On or about August 14 of each year, the individual responsible for unclaimed property compliance shall mail a second notice to all members still listed on the report of abandoned property.
- On or about September 14 of each year, the individual responsible for unclaimed property compliance shall mail a notice to those members still listed on the report of abandoned property that their accounts will be closed and the funds involved turned over to the State of Michigan

unless they have reactivated or otherwise claimed an interest in their accounts.

- On or about October 10 -- but in no case later than November 1 -- of each year, the individual responsible for unclaimed property compliance shall:
 1. Transfer the balances of those members still listed on the report of abandoned property into the Unclaimed Property (Escheats) Payable general ledger.
 2. Complete the Holder Transmittal and Checklist for Annual Report of Unclaimed Property (Michigan Department of Treasury Form UPD 2011) and related forms as required for the State of Michigan.
 3. Mail the completed report along with the funds in the Unclaimed Property (Escheats) Payable account as instructed by the state.
- If the credit union has no abandoned property to report to the state, the individual responsible for unclaimed property compliance shall complete and mail the Holder's Negative Report, (Michigan Department of Treasury Form AUPD 3163) as required by the state.

Adopted/Reviewed/Revised by the Board of Directors on June 24, 2010

Chairman

Secretary