

Privacy

Last Reviewed March 16, 2005, September 2008

Privacy

CUCare Last Revised:

Publication Date: 01/08

General Policy Statement:

The Credit Union recognizes its responsibility to protect the privacy of member nonpublic personal information. The purpose of this policy is to set forth the guidelines under which such information may be shared with third parties. It is the intent of the Credit Union and any of its affiliates* to abide by all applicable laws and regulations governing the privacy of nonpublic personal information including NCUA Privacy of Consumer Financial Information rule (Part 716) and the FTC Privacy rule (Part 313) for affiliates, issued to implement the provisions of the Gramm-Leach-Bliley Act and the Right to Financial Privacy Act.

Guidelines:

(1) **DEFINITIONS.** For the purpose of this privacy policy, the following definitions shall apply.

- (A) **Affiliate***. To be considered an affiliate, the Credit Union must have the ownership, control or power to vote 25% of the shares; control election of a majority of the directors, trustees and partners; the power to exercise a controlling influence over the company's management or policies, or have any ownership interest in a company that is 67% owned by credit unions.
- (B) **Consumer.** A consumer is an individual, or such individual's legal representative or personal representative (§716.2; §3401), who has obtained a financial product or service from the Credit Union for personal, family or household purposes or for whom the Credit Union is acting as fiduciary (§3401). A consumer is not necessarily a member of the Credit Union.
- (C) **Member.** A member is a consumer with whom the Credit Union has, or has had in the past, a continuing relationship where the Credit Union has provided one or more financial products or services for personal, family or household purposes. (Example: a. joint account held by a member and a nonmember spouse, b. a former member).
- (D) **Nonpublic Personal Information.** Personally identifiable financial information provided by a consumer to a Credit Union, resulting from a transaction with the consumer or any service performed for the consumer, or otherwise obtained by

* The Houghton Mifflin Harcourt Employees Federal Credit Union does not have affiliates.

Privacy

the Credit Union. Nonpublic personal information does not include publicly available information (§6809).

- (2) **COLLECTION OF INFORMATION.** In the course of delivering products and services, the Credit Union obtains nonpublic personal information, either directly from the member or from outside sources. This nonpublic personal information is used to comply with federal and state laws and regulations, to provide effective member service and to inform members of products and services which may be of interest to the member.
- (3) **MAINTENANCE OF ACCURATE INFORMATION.** The Credit Union will exercise reasonable caution in the gathering and maintenance of information to ensure its accuracy. When inaccurate information is discovered, it will be corrected as promptly as possible.
- (4) **DISCLOSING INFORMATION TO THIRD PARTIES.**

The Credit Union will not disclose personal nonpublic information to third parties without first providing the consumer a clear and conspicuous notice that accurately reflects the Credit Unions privacy policies and practices and providing the consumer a reasonable opportunity to opt out of such disclosure (§716.14). The Credit Union may share personal nonpublic information with its affiliate*, if applicable. The Credit Union also may share its experience information about the member with credit bureaus. The Credit Union's reporting to credit bureaus is governed by the Fair Credit Reporting Act, which affords the member the right to make sure that its credit bureau reports are accurate. The requirement for the Credit Union to provide notice and a reasonable opportunity to opt out does not apply if the Credit Union's disclosure of nonpublic personal information is necessary to effect, administer, or enforce a transaction that a consumer requests or authorizes, or in connection with any of the following (§716.14):

- (A) Servicing or processing a financial product or service that a consumer requests or authorizes (§716.14).
- (B) Maintaining or servicing the consumer's account with the Credit Union, or with another entity as part of a private label credit card program or other extension of credit on behalf of such entity (§716.14).
- (C) A proposed or actual securitization, secondary market sale (including sales of servicing rights) or similar transactions related to a transaction of the consumer (§716.14).
- (D) With the written consent or direction of the consumer (§6802).

* The Houghton Mifflin Harcourt Employees Federal Credit Union does not have affiliates.

Privacy

- (E) To protect the confidentiality or security of the Credit Union's records pertaining to the consumer, the service or product, or the transaction; to protect against or prevent actual or potential fraud, unauthorized transactions, claims, or other liability; for required institutional risk control, or for resolving customer disputes or inquires; to persons holding a legal or beneficial interest relating to the consumer; or, to the extent specifically permitted or required under other provisions of law and in accordance with the Right to Financial Privacy Act, to law enforcement agencies, self-regulatory organizations, or for an investigation on a matter related to public safety (§6802(e)).
 - (F) To provide information to insurance rate advisory organizations, guaranty funds or agencies, applicable rating agencies of the Credit Union, persons assessing the Credit Union's compliance with industry standards, and the institution's attorneys, accounts, and auditors (§6802(e)).
 - (G) To a credit reporting agency in accordance with FCRA (§6802(e)).
 - (H) In connection with a proposed or actual sale, merger, transfer, or exchange of all or a portion of a business or operating unit if the disclosure of nonpublic personal information concerns solely consumers of such business or unit (§6802(e)).
 - (I) To comply with Federal, State, or local laws, rules, and other applicable legal requirements, to comply with a properly authorized civil, criminal, or regulatory investigation or subpoena or summons by Federal, State or local authorities having jurisdiction over the financial institution for examination, compliance, or other purposes as authorized by law (§6802(e)).
 - (J) Such financial records are disclosed (i) in response to an administrative subpoena; (ii) in response to a search warrant; (iii) in response to a judicial subpoena; or (iv) in response to a formal written request by a proper governmental authority (§3402).
- (5) **RESPONSIBILITY OF SERVICE PROVIDERS.** The Credit Union will only approve service providers with established policies of privacy similar to those of the Credit Union. The Credit Union will require contractual agreements from nonaffiliated third parties that will include confidentiality of member information disclosed by the Credit Union and prohibit the service provider from disclosure and reuse of nonpublic personal information for any reason other than the intended purpose. All contracts entered into after July 1, 2006 must be in compliance with the provisions of NCUA §716.13 (§716.18(c)).
- (6) **CONFIDENTIALITY AND SECURITY SAFEGUARDS.** The Credit Union maintains strict policies and security controls to assure that nonpublic personal information in the Credit Union's computer systems and files is protected.

Privacy

- (A) Credit Union employees and certain contractors are permitted access to nonpublic personal information that they may need to perform their jobs and to provide service to the members.
- (B) Credit Union employees and contractors will have access to such nonpublic personal information only as necessary to conduct a transaction or respond to a member's inquiries.
- (C) All Credit Union employees and contractors will be required to respect member privacy through confidentiality and information security provisions included in the Credit Union's employee policy manual and service agreements with the contractors.
- (D) No one except Credit Union employees and authorized contractors will have regular access to the Credit Union computer system and records storage. The Credit Union has established internal security controls, including physical, electronic and procedural safeguards to protect the member nonpublic personal information provided to the Credit Union and the information the Credit Union collects about the member. The Credit Union will continue to review its internal security controls to safeguard member nonpublic personal information as the Credit Union employs new technology in the future.

(7) **PRIVACY OF ELECTRONIC TRANSACTIONS.**

- (A) **Encryption.** Electronic interfaces with members (such as Internet transactions) will be encrypted using Secure Socket Layer (SSL) 128-bit encryption.
- (B) **Account Access.** Member account information and transactions will be protected by a password that must be used in conjunction with a username or account number. Members must apply for this capability and be registered with the Credit Union for authentication purposes.
- (C) **"Cookies".** The Credit Union may use "cookies" as part of its web site interface. A "cookie" is a small file that is placed on the user's computer. While it contains no member information, it identifies the member's computer and allows the Credit Union to measure usage of the web site and customize the web site experience.
- (D) **Links.** The Credit Union will frequently link to other sites as a convenience to our members. The Credit Union will seek to link with other sites that adhere to similar privacy standards. However, the Credit Union is not responsible for the content of linked sites, or for their policies on the collection of member information.
- (E) **Online Privacy of Children's Information.** The Credit Union will not collect, use or disclose online information received from children under age 13 without prior

Privacy

parental notification and consent, which will include an opportunity for the parent to prevent use of information and participation in the activity. Online information will only be used to respond directly to the child's request and will not be used for other purposes without prior parental consent.

- (i) The Credit Union will not distribute to third parties, other than its affiliate*, personally identifiable information without prior parental consent.
- (ii) The Credit Union will not post or otherwise distribute personally identifiable information without prior parental consent.
- (iii) The Credit Union will not entice by the prospect of a special game, prize or other activity, to divulge more information than is needed to participate in the activity.
- (iv) Personally identifiable information collected online from their children may be reviewed by a parent or guardian upon written request. The parent or guardian has the right to have information deleted and instruct the Credit Union to cease collecting further information from their child.

(8) DISCLOSURE OF PRIVACY POLICY. The Credit Union will disclose its privacy policy as required by law.

- (A) Privacy Policy May Be Combined With or In Other Documents. The Credit Union's privacy policy may be printed in a document containing other information, so long as the privacy policy is set apart from the other content by using graphics, a different type style, or any other method to set it apart. The Credit Union and its CUSO affiliate* may combine their policy disclosures in a single form (provided the applicable disclosure requirements are satisfied).
- (B) New Member/Customer Privacy Policy. The Credit Union and CUSO* will deliver a privacy policy to each new member/consumer who establishes a relationship on or after July 1, 2001. The privacy policy will be provided at or before an establishment of a member relationship, i.e. before the member/consumer signs the account card or other applicable document. A new privacy policy need not be given for each subsequent account opening, if the privacy policy provided for the one-time mailing to existing members or the policy at new account opening has not changed from the previously provided privacy policy.

*The Houghton Mifflin Harcourt Employees Federal Credit Union does not have affiliates.

Privacy

- (C) Annual Mailing. The Credit Union and CUSO will provide a privacy policy to all members/consumers at least annually (once during any 12 consecutive months). The Credit Union need not provide an annual notice to members or consumers who no longer have a relationship with the Credit Union or CUSO.
- (9) **MEMBERS' RIGHT TO "OPT OUT"**. Privacy regulations allow members to "opt out" of having their information disclosed to third parties in certain situations. Before the Credit Union discloses any member information to a nonaffiliated third party that is not otherwise covered by a disclosure exception under Part 716, the Credit Union must properly inform members of their right to "opt out" and to record and honor "opt out" requests which notice shall include the address and toll free phone number of the appropriate notification system used for processing of notices of opt out and will be presented in a format acceptable to the National Credit Union Administration/Federal Trade commission.
- (10) **PRIVACY COMPLIANCE**. The Credit Union and any of its affiliates* will comply with all applicable laws and regulations governing the privacy, confidentiality, security, and integrity of nonpublic personal information including the NCUA **privacy rule (Part 716)**, the FTC privacy rule (Part 313) for affiliates*, and all other applicable state and federal privacy laws and regulations as amended.
- (11) **ADMINISTRATION AND AMENDMENTS**.
- (A) Protecting member privacy is an ongoing process and the Credit Union will continue to evaluate and review the measures taken to safeguard member information.
- (B) The Credit Union will provide training to employees on how to recognize and control risk to nonpublic personal information, how to handle nonpublic personal information, and how to report unauthorized or fraudulent attempts to gain access to nonpublic personal information.
- (C) The Credit Union will create controls and procedures whereby any new product, service, or delivery method shall be reviewed and modified to insure that it conforms to existing Credit Union privacy policies with regards to nonpublic personal information.
- (D) If nonpublic personal information is shared with vendors for a business purposes, all contracts and agreements between the vendors and the Credit Union will include a guarantee that the vendor will safeguard such information.

*The Houghton Mifflin Harcourt Employees Federal Credit Union does not have affiliates.

Privacy

- (E) Since no policy can address every possible contingency and circumstances, Credit Union management shall use its good faith business judgment in administering this privacy policy and expects that all officers, volunteers and employees will use good faith in their actions to protect the privacy of Credit Union members.
- (F) The Credit Union reserves the right to amend this privacy policy in any respect with disclosure to members as required by law.