

## POLICIES AND PROCEDURES

### Important:

Examiners will generally expect that credit unions periodically review their policies and procedures and update as necessary to address changes in regulatory requirements and rules pertaining to risk, and new products and services.

**Board Approved Policies:** Regulators will expect credit unions to have board approved policies in place to cover all aspects of their operations: lending (ECOA & Fair Housing Act, FCRA, NCUA lending regulations, RESPA, SAFE Act, SCRA, and TILA), deposit operations (BSA, Reg CC, Reg D, Reg E, Truth in Savings) and various employment issues. The SAFE Act requires a review of policies and procedures at least annually; the ID theft red flag regulations require an annual report to the board regarding the effectiveness of policies and procedures; examiners expect independent testing every 12-18 months for BSA compliance (likely includes a review of policies/procedures); and examiners will generally expect most policies & procedures to be periodically reviewed & updated as necessary to address changes in risk, new products & services, and changing regulatory requirements.

Even if board approval is not specifically required, CUNA suggests that for significant policy changes, board approval should be considered. Policies that are required to have board approval by NCUA's Rules and Regulations are indicated by an asterisk (\*) in the chart below.

**State-chartered credit unions should consult with their league or with the state regulator for information.**

REGULATION	REQUIREMENT	RESOURCES
<b>Anti-Money Laundering/ Bank Secrecy Act and OFAC</b>	Credit unions must develop effective policies, procedures and processes to comply with the Bank Secrecy Act and OFAC regulations. (See also customer identification procedures below).	12 CFR 748 FFIEC BSA-AML Manual
<b>Customer Identification Procedures (CIP) Program</b>	A credit union's CIP program must include a written policy that includes procedures addressing member identification, identification verification, record-keeping, comparative review with government lists, member notice, and reliance on other financial institutions.	12 CFR 748 31 CFR 1020.220
<b>Bank Bribery</b>	Federally-insured credit unions must adopt a code of conduct and/or written policy that describes the prohibitions under the bank bribery law.	Bank Bribery Act (18 USC 215) See also NCUA's Interpretive Ruling and Policy Statement: Guidelines for Compliance with the Federal Bank Bribery Law (IRPS 87-1)

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<p><b>Document/Record Retention</b></p>	<p>Federally-insured credit unions are required to maintain a records preservation program to identify, store and reconstruct vital records in the event that the credit union’s records are destroyed and provides recommendations for restoring vital member services.</p> <p>Federally-insured credit unions must have a written program that includes plans for safeguarding records and reconstructing vital records.</p>	<p>12 CFR 749</p>
<p><b>ECOA (Regulation B)</b></p>	<p>Federally-insured credit unions must have a non-discrimination policy.</p>	<p>12 CFR 1002</p>
<p><b>FACTA ID Theft Prevention (“Red Flags”)</b></p>	<p>Federally-insured credit unions are required to develop and maintain an effective ID Theft Prevention Program.</p>	<p>12 CFR 717, Subpart J</p>
<p><b>Fair Credit Reporting Accuracy and Integrity of Furnished Information (FCRA)</b></p>	<p>All credit unions that use consumer reports and furnish information to consumer reporting agencies should have policies and procedures to comply with the various FCRA provisions, specifically with regard to: handling fraud alerts; reconciling address discrepancies; furnishing accurate information to consumer reporting agencies; resolving credit report disputes; and implementing ID theft program requirements (see FACTA).</p>	<p>12 CFR 1022, Subpart E</p>
<p><b>Fair Debt Collection Practices Act (FDCPA)</b></p>	<p>Credit unions that collect their own delinquent loans should consider following the requirements of FDCPA even though they are not required to do so.</p>	<p>12 CFR 1006</p>
<p><b>Fair Housing</b></p>	<p>Federally-insured credit unions that offer mortgage loans must have an anti-discrimination policy relating to residential real-estate transactions.</p>	<p>12 CFR 701.31 24 CFR 100</p>
<p><b>Fiduciary Duty</b></p>	<p>Federally-insured credit unions a required to have a policy that outlines the fiduciary duties of the credit union’s board of directors.</p>	<p>12 CFR 701.4</p>

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<p><b>Home Mortgage Disclosure Act (HMDA) Policy</b></p>	<p>Credit unions should adopt policy for collecting, maintaining, and reporting data of covered loans and applications.</p>	<p>12 CFR 1003 16-RA-03 Submission of HMDA Data for 2015 (reported in 2016)</p>
<p><b>Indirect Lending</b></p>	<p>NCUA expects federally-insured credit unions that are involved in indirect lending to have a comprehensive on ongoing due-diligence program to mitigate the risks association with this type of lending.</p>	<p>Letter to Credit Unions 10-CU-15</p>
<p><b>Interest Rate Risk*</b></p>	<p>Federally-insured credit unions are required by the interest rate risk (IRR) rule to have a board-approved policy that includes items such as oversight by the board and implementation by management; risk measurement systems assessing IRR sensitivity of earnings and/or asset and liability values; and internal controls to monitor adherence to IRR limits.</p>	<p>12 CFR 741 (Appendix B to Part 741) Additional NCUA Resources: Interest Rate Risk Resources page</p>
<p><b>Internet Gambling</b></p>	<p>The Unlawful Internet Gambling Enforcement Act (UIGEA) requires all credit unions that open commercial accounts to have policies and procedures in place that demonstrate that they are exercising enhanced due diligence when opening accounts for “commercial customers” to prevent illegal Internet gambling operations from setting up accounts at the credit union. Policies and procedures should also be in place to prevent credit/debit card transactions being made to unlawful Internet gambling operations.</p>	<p>12 CFR 233 31 CFR 132 NCUA Sample Policy NCUA Required Policies and Procedures for Internet Gambling</p>
<p><b>Investments *</b></p>	<p>The boards of directors of federally-insured credit unions must establish written investment policies. The board must review the policy at least annually. These policies may be part of a broader, asset-liability management policy.</p>	<p>12 CFR 703.3 12 CFR 741.219</p>
<p><b>Lending Policy (NCUA)</b></p>	<p>Federally-insured credit unions are required to have a lending policy that establishes specific requirements outlined in regulations.</p>	<p>12 CFR 701.21 12 CFR 723 12 CFR 741.203</p>

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<p><b>Liquidity and Contingency Funding</b></p>	<p>Federally-insured credit unions with less than \$50 million in assets must maintain a basic written liquidity policy. Those with \$50 million or more in total assets should have a liquidity policy that is tailored to the size and complexity of the credit union. The policy should be more comprehensive than the basic elements of a policy of a smaller credit union.</p> <p>Federally-insured credit unions with \$50 million or more in total assets are required to have a contingency funding plan (CFP) that includes policies, procedures, projection reports, and action plans designed to ensure a credit union's sources of liquidity are sufficient to fund operating in emergencies.</p> <p>In 2015, field staff began evaluating contingent funding testing results at credit unions with assets of at least \$250 million.</p>	<p>12 CFR 741.12 , see also NCUA's Letter to Credit Unions 15-CU-01, 14-CU-05, and 13-CU-10</p>
<p><b>Loan Participations Program</b></p>	<p>Federally-insured credit unions must have a written loan participations policy. Specific requirements of the policy are detailed in the regulation.</p>	<p>12 CFR 701.22 12 CFR 701.23 12 CFR 741.225</p>
<p><b>Monetary Reserves Policy</b></p>	<p>Federally-insured credit unions are required to have a policy for implementing Regulation D on transaction accounts.</p>	<p>12 CFR 204</p>
<p><b>Mortgage Loan Origination (SAFE Act – Regulation G)</b></p>	<p>Credit unions that employ one or more mortgage loan originators must adopt and follow written policies and procedures, which are expected to be appropriate to the nature, size, complexity, and scope of the mortgage lending activities of the credit union, and apply only to those employees acting within the scope of their employment at the credit union.</p>	<p>12 CFR 1007.104</p>

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<p><b>Privacy</b></p>	<p>Credit unions must have a policy for handling consumers' non-public personal information that must include categories of personal information the credit union collects and discloses, affiliates and non-affiliates with whom information is shared, an explanation of the members' rights to opt-out, and disclosures the credit union makes under the FCRA, how the credit union protects the confidentiality and security of personal information and any disclosures made under any of the allowed exceptions to the rule.</p>	<p>12 CFR 717 12 CFR 1016</p>
<p><b>RESPA (Regulation X)</b></p>	<p>A credit union must maintain policies and procedures that are reasonably designed to achieve the following: (1) Provide Timely and Accurate Information; (2) Evaluate Loss Mitigation Applications; (3) Transfer Information during Servicing Transfer; (4) Inform Borrowers of their Rights to Error Resolution and Information Requests; (5) Continuity of Contact with Mortgage Servicing Personnel; and (6) Provide Oversight and Compliance of Mortgage Service Providers.</p>	<p>12 CFR 1024.38(a)</p>
<p><b>Risk-based Lending *</b></p>	<p>Federally-insured credit unions are required to have Board approved policies and procedures that define the parameters of the risks assumed and internal controls necessary to ensure acceptable portfolio quality.</p>	<p>NCUA's Letter to Credit Unions 99-CU-05</p>
<p><b>Security Program/Policies &amp; Procedures</b></p>	<p>Federally-insured credit unions are required to have a written security program.</p>	<p>12 CFR 748</p>
<p><b>Social Media Policy</b></p>	<p>Credit unions are not required to have a social media policy but all credit unions are expected to manage risks associated with all types of consumer and customer communications, no matter the medium. The Guidance provides considerations that credit unions may find useful in conducting risk assessments and crafting and evaluating policies and procedures regarding social media.</p>	<p>FFIEC Guidance on Social Media</p>

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<b>TILA (Regulation Z)</b>	Depository institutions must establish and maintain written policies and procedures reasonably designed to ensure and monitor compliance with these provisions, as well as the compliance of its employees and any subsidiaries and their employees. The written policies and procedures must be appropriate to the nature, size, complexity, and scope of the mortgage-lending activities of the institution and its subsidiaries.	12 CFR 1026.36 (j)
<b>Truth in Savings (Regulation DD)</b>	Depository institutions must have a policy covering their overdraft practices as well as policies that cover the institutions practices for providing disclosures and paying interest and advertising requirements of the rule.	12 CFR 1030.9

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