

# NCUA Board of Directors Policies – Which Ones Truly Require Action? August 1, 2017

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# Schedule

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- Policy Generally Defined
- Policy as Defined by NCUA
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# Policy Generally Defined

- A product of wisdom in the management of affairs.
- A definite course or method of action selected from alternatives and certain conditions to guide and determine present and future decisions.
- A high level overall plan embracing the general goals and acceptable procedures.

Synonym: strategy; principle; rule

# Policy Defined (continued)

- From Wikipedia

A **policy** is typically described as a principle or rule to guide decisions and achieve rational outcomes. The term is not normally used to denote what is actually done, this is normally referred to as either **procedure** or **protocol**. Policies are generally adopted by the Board whereas procedures or protocols would be developed and adopted by senior executive officers. Policies can assist in both **subjective** and **objective** decision making.

# From Wikipedia (continued)

- A **Policy** can be considered as a “Statement of Intent” or a “Commitment.” For that reason at least, the decision-makers can be held accountable for their “Policy.”

# Board Duties and Responsibilities

- Policies and Planning:

“Plans and policies are the board’s major tools for influencing the direction of the credit union. Board and management work to explicitly define the credit union’s vision. Then they develop broad plans for turning that vision into reality. The Board has final say in adopting plans and policies, although it’s the responsibility of management to recommend policies and policy changes.”

- Source: Credit Union Board of Directors Handbook

# Major Topics to Cover in Policies

- **Services and Programs**
    - Loans
    - Collection and delinquency control
    - Shares, certificates, and share drafts
    - Member education
  - **Human Resources**
    - Personnel
    - Organizational structure
    - Board/CEO relations
    - Education of volunteers and staff
    - Code of ethics
    - Conflicts of interest
  - **Safety and Soundness**
    - Security
    - Internal controls
    - Disaster recovery
    - Insurance coverage
    - Audits
  - **Legal**
    - Compliance with laws and regulations
    - Staff awareness of laws
    - Board oversight of credit union operations
  - **Finance**
    - Asset/liability and other funds management
    - Investments
    - Reserves
    - Pricing
    - Internal Controls
  - **Other**
    - Technology and information services
    - Marketing
    - Sponsor relations
    - Community involvement
- Source: Credit Union Board of Directors Handbook



# Policy as Defined by NCUA

- It is important to remember that even if there is no regulatory requirement for Board approval, the Credit Union Board still has the ultimate responsibility for the operations of the Credit Union.
- The NCUA Examiner's Guide states "The Board must approve all **major** policies. Further, it should review, and if necessary, update those policies at least annually."

# Another Perspective

1. We have been through a lot of documents/regulations and found that 'Board Approval' is not required for a great number of the items.
2. What is required is that the 'credit union' establish a policy that addresses each of these issues.
3. Policies can be established by Management to meet the requirements of the regulations and do not necessarily have to flow from/through the Board.
4. We have identified policies established by Management as 'Operating Standards.' In doing so we do not have to seek Board approval to change these as situations arise and it relieves the Board from having to address these issues on a recurring basis.
5. Each of the Operating Standards has a review period where Management must update them to assure they meet regulatory requirements.

## List of “Required” Policies for Credit Unions

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
1	Ability-to-Repay and Qualified Mortgage Standards Under the Truth in Lending Act	This regulation does not state or imply that a policy must be implemented by a Board of Directors	12 CFR 1026 as amended by 78 FR 35429
2	Application of Regulation Z’s Ability-to-Repay Rule to Certain Situations Involving Successors-in-Interest	This short rule lacks commentary and merely “articulates the Bureau’s interpretation of Regulation Z, and the Truth-in-Lending Act.” It does not detail requirements for implementing the policy	12 CFR 1026 as amended by 79 FR 41631
3	Bank Bribery Law	Adopt internal codes of conduct or written policies to include explanation of general prohibitions of bank bribery law, alert credit union officials about bank bribery statute, as well as establish and enforce written policies on acceptable business practices	Interpretative Ruling and Policy Statement 87-1

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
4	Bank Secrecy Act Compliance Policy •Customer Identification Program (CIP) Policy that is required by 326 of the Patriot Act •Anti-Money Laundering Program	CU must establish and maintain written compliance program for the BSA. CIP Policy prevents money laundering and terrorist financing scheme	12 CFR 748.2(b); 751.214 for state-chartered credit unions
5	Chartering and Field of Membership Manual	The Chartering and Field of Membership Manual must be implemented by a Board. Associational common bond provisions expanded	12 CFR 701 as amended by 81 FR 88412
6	Children's Online Privacy Protection Act (COPPA) Compliance Policy	Adopt a policy for implementing COPPA that includes providing a privacy notice on website and a notice to parents	16 CFR pt. 312.4

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
7	Compliance Policy/Program	Each CU should have a compliance officer that is responsible for general compliance. Additionally, officers in different divisions should be responsible for compliance in their divisions	See Compliance Manual at 8
8	Consumer Leasing (Regulation M)	This short rule lacks commentary and relates to a change that is technical and applies the calculation method set forth elsewhere	12 CFR 1013 and 12 CFR 213 as amended by 81 FR 86256
9	Contingency Funding Plan	Sets out strategies for addressing liquidity shortfalls in emergency situations	12 CFR 741.12; NCUA Supervisory Letter No. 14-03
10	Credit by Banks and persons Other than Brokers or Dealers for the Purpose of Purchasing or Carrying Margin Stock	Adopt comprehensive procedures for implementing Reg. U (if applicable)	Reg. U

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
11	Credit Practices Policy	Adopt policy re: credit practices	12 CFR PT. 706
12	Credit Union Service Organizations	<p>The Board of Directors must perform the necessary due diligence to ensure each CUSO complies with all regulations</p> <p>The final rule requires a FICU to obtain a written agreement from a Credit Union before investing in or lending to the CUSO. This written agreement must provide that the CUSO will annually submit, pursuant to NCUA guidance, a report containing general registration information directly to NCUA and the appropriate SSA</p>	12 CFR 712 and 12 CFR 741 as amended by 78 FR 72537

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
13	Definition of the Term “Fiduciary”; Conflict of Interest Rule- Retirement Investment Advice	Under Footnote 4, it relays some of the commentary regarding the implementation procedures, stating the procedures for implementation include drafting and implementing training for staff, drafting client correspondence and explanations of revised product and service offerings, negotiating changes to agreements with product manufacturers to facilitate compliance, and changing employee and agent compensation structures, among other things. There is no reference to implementation via a Board of Directors	29 CFR 2509, 29 CFR 2510, and 29 CFR 2550 as amended by 82 FR 16902
14	Denial of Services	Adopt a policy limit or restrict member services	NCUA Office of General Counsel

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
15	Derivatives Policy	A federal credit union with derivatives authority must operate according to a comprehensive written policy	12 CFR pt. 703, Subpart B, 12 CFR 703.106
16	Disaster Recovery and Business Resumption Contingency Plan	Develop contingency plan in preparation of disaster or other event to ensure uninterrupted service to members	NCUA Letter 01-CU-21; NCUA Letter 08-CU-07 FFIEC Updated Business Continuity Planning Examination Handbook; NCUA Letter 08-CU-01; Risk Alert 06- Risk-01; 12 CFR pt. 748; 12 CFR pt. 749
17	Disclosure and Delivery Requirements for Copies of Appraisals and Other written Valuations Under the Equal Credit Opportunity Act (Regulation B)	This regulation does not state or imply that it must be implemented by a Board of Directors	12 CFR 1002 as amended by 78 FR 7215



	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
18	Dividend Nondiscriminatory Policy	To establish dividend periods, dividend credit determination dates, distribution dates, any associated penalties, and the method of dividend computation	Appendix C to 12 CFR Part 707
19	Electronic Fund Transfer Act Policy (EFT)	Adopt policy implementing Reg. E	Reg. E
20	Employee Incentive or Bonus Policy	Adopt policy for incentives to an employee in connection with loans made by all except senior management	12 CFR 701.21(c)(8)(iii)(c)
21	Equal Credit Opportunity Act Policy	Ensure compliance with ECOA and adopt non-discrimination policy for credit transactions	Reg. B; 12 CFR pt. 1002
22	E-Sign Act Policy	Adopt policy and procedures regarding use of electronic records	NCUA Compliance Manual; E-Sign Act 101(C)(1)

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
23	Expedited Funds Availability Act Policy	Adopt policies to comply with Regulation CC and all related regulatory requirements. This includes adopting: <ul style="list-style-type: none"> <li>•Funds Availability Policy</li> <li>•Notices of Changes in Availability Policy</li> </ul>	Reg. CC
24	Fair Credit Reporting Act Policy	Ensure procedures are in place for implementing and complying with FCRA	FCRA
25	Fair Debt Collection Practices Act Policy	Ensure procedures are in place for implementing and complying with FDCPA	FDCPA
26	Fair Housing Act Policy	Board must ensure that policy for implementing FHA does not tolerate illicit discrimination in any transaction relating to residential real-estate	FHA; 24 CFR pt. 100

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
27	Federal Credit Union Ownership of Fixed Assets	The rule requires supervisory guidance and states that such guidance will reflect current supervisory expectations that require an FCU to demonstrate appropriate due diligence, ongoing Board and management oversight, and prudent financial analysis to ensure the FCU can afford any impact on earnings and net worth levels caused by its purchase of fixed assets. Additionally, under Footnote 16 it states, the credit union's Board needs to approve plans for any investment in fixed assets that will materially affect the credit union's earning and that credit union management should only purchase fixed assets in compliance with policy approved by the credit union's Board	12 CFR 701 as amended by 80 FR 45844
28	Fiduciary Duties Policy	Adopt policy that specifies the fiduciary duties of the Board of Directors	12 CFR 701.4
29	Financial Education Program for the Board of Directors	Implement a policy that makes training available for enhancing the financial knowledge of the directors	NCUA Letter to Federal Credit Unions 11-FCU-02 12; 12 CFR 701.4

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
30	Flood Disaster Protection Act Policy or National Flood Insurance Act Compliance Policy	Adopt policy for implementing National Flood Insurance Act	FDPA; 12 CFR pt. 760
31	Foreclosure and Repossession Policy	Adopt policy to address mortgage foreclosure concerns	NCUA Accounting Manual for FCUs; See NCUA Letter to Credit Unions, Letter 11-CU-01; NCUA Letter 08-CU-25
32	High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act (Regulation Z) and Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act (Regulation X)	This regulation does not state or imply that it must be implemented by a Board of Directors	12 CFR 1024 and 12 CFR 1026 as amended by 78 FR 6855

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
33	Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold	The amendment in this final rule is technical and non-discretionary, and it merely applies the formula established by Regulation C for determining any adjustments to the exemption threshold	12 CFR 1003 as amended by 80 FR 79673
34	Home Mortgage Disclosure Act Policy	Adopt policy for implementing HMDA when collecting and maintaining accurate data of covered loans/applications	Reg. C
35	Homeowner's Protection Act (HOPA)	Adopt HOPA compliance policies because NCUA may enforce HOPA	HOPA

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
36	Indirect Lending Policies	Adopt comprehensive policies re: indirect lending, including underwriting and monitoring, and clear policies for selecting third party vendors	NCUA Letter to Credit Unions, Letter No. 10-CU-15
37	Information Security Program	Each CU must institute a written security program to protect CU from robberies, etc., prevent destruction of vital records, layered security, member account authentication, multifactor identification of members, and risk assessment process	12 CFR pt. 748; 12 CFR pt. 749; NCUA Letter to Credit Unions, 11- CU-09, 05-CU-18, 06-CU-13; FFIEC Supplement to Authentication in an Internet Banking Environment
38	Interest Rate Risk Policy	Adopt policies as part of the asset liability management of the credit union	12 CFR pt. 741

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
39	Investment and Deposit Activities- Bank Notes	The NCUA Board (Board) is finalizing a rule that amends the maturity requirement for bank notes to be permissible investments for federal credit unions (FCUs) by removing the word original from the current requirement that bank notes have “original weighted average maturities of less than 5 years	12 CFR 703 as amended by 81 FR 17601
40	Investment Policy	Adopt policies re: liquidity, investment objectives, cash deposits, etc. Review annually (can be part of a broader ALM policy)	12 CFR 703.3; Supervisory Letter No. 14-03
41	Liquidity and Contingency Funding Plans	The final rule requires FICUS with less than \$50 million in assets to maintain a basic written policy that provides a credit union board-approved framework for managing liquidity and a list of contingent liquidity sources that can be employed under adverse circumstances. Additionally, the policy establishes a reporting requirement to keep the Board apprised of the institution’s liquidity position	12 CFR Part 741.12

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
42	Loan Participation Policy	Adopt policies re: member loan participation policies and procedures	12 CFR 701.22 (b) and (c)
43	Loan Workout Policy	Develop written policy and standards that control the use of loan workouts	Appendix C to 12 CFR pt. 741
44	Loans and Lines of Credit Policies/Loan Incentive Practices	Written policies for loans and lines of credit consistent with the relevant provisions applicable laws and regulations; to contain real estate lending policies related to appraisal and evaluation program	Interagency Appraisal & Evaluation Guidelines; 12 CFR 701.21 (c)(2); 12 CFR 741.3; 12 CFR 701.21(c)(8)
45	Management Officials Interlocks Act Compliance Policy	Adopt compliance policy for Interlocks Act	12 U.S.C. 1823(k), 3207; 12 CFR pt. 711.4-.6



	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
46	Member Business Loan Policy; Commercial Lending	<p>Establish guidelines and overall lending strategy to integrate with overall asset liability management</p> <p>There are numerous procedures required of a Board of Directors. First, a credit union's Board of Directors is ultimately responsible for the credit union's commercial loan risk, and . . . the Board must establish adequate controls and provide sound governance for the credit union's commercial lending program</p> <p>A credit union's Board of Directors can delegate the responsibility to a committee. However, the Board of Directors is ultimately accountable for the safety and soundness of the credit union's commercial lending activities</p>	<p>12 CFR pt. 723, NCUA Letter to Credit Unions 10-CU-02; 12 CFR 701, and 12 CFR 741 as amended by 81 FR 13529</p>

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
47	Military Lending Act – Limitations on Terms of Consumer Credit Extended to Service Members and Dependents	There is no discussion regarding board-approved procedures or Board requirements	32 CFR 232 as amended by 80 FR 43559
48	Office of Foreign Asset Control (OFAC) Policy and Procedure	Credit Unions must monitor all financial transactions performed by or through in order to detect entities/persons subject to OFAC laws and regulations (see also BSA)	Various OFAC laws and regulations.
49	Overdraft Policy	Develop written policy that sets a cap on the total dollar amount of all overdrafts the CU will honor, establish any applicable fees, establish time limit for repayment, etc	12 CFR 701.21 (c)(3)
50	Preservation of Consumer Claims and Defenses Policy (Holder in Due Course)	Board must adopt policy for implementing the Preservation of Consumers' Claims and Defenses Rule	FTC Holder in Due Course Rule – 16 CFR pt. 433.2

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
51	Privacy Policy	Adopt policy re: non-disclosure of nonpublic information, to determine whether nonpublic information will be shared and proper delivery of disclosures	12 CFR pt. 1016
52	Purchase, Sale, and Pledge of Eligible Obligations Policy	Written Policies that address the credit unions purchase, sale, or pledge of all or part of a loan of its members should address incentive or bonus payments to employees if using this practice	12 CFR 701.23
53	Real Estate Settlement Procedures Act Policy	Adopt policy for implementing RESPA and Reg. X. This includes explaining coverage of regulation, exemption, and disclosure requirements	24 CFR pt. 3500; Reg. X
54	Records Preservation Program and Record Retention Policy	Adopt vital records preservation program and document retention policy	12 CFR pt. 749

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
55	Reimbursement for Providing Financial Records Policy	Adopt policy for implementing Reg. S for collecting expenses associated with assembling and copying subpoenaed members' records	Reg. S
56	Reserves on Transaction Accounts	Adopt policy for implementing Regulation D	Reg. D
57	Risk-Based Lending Policies	Policies that define parameters of risks assumed and internal controls; manage risks; implement information systems or monitoring information	See NCUA Letter to Credit Unions, Letter No. 99-CU-05
58	Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) Compliance Policies	Establish written policies providing basic framework for compliance with SAFE Act (if employing one or more mortgage loan originators). Policies appropriate for the size/complexity/scope of mortgage lending activities	Reg. G; 12 CFR pt. 1007 and Appendix A; NCUA Letter to Credit Unions, Letter No. 10-CU-13

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
59	Service-members' Civil Relief Act Policy	Adopt policy for implementing SCRA	See Compliance Manual; 50 U.S.C. App. 526
60	Truth in Lending Act	Adopt policy for implementing Truth in Lending Act	Reg. Z
61	Truth in Lending (Regulation Z) Annual Threshold Adjustments (CARD ACT, HOEPA and ATR/QM)	This is a technical change in the formula, as the regulation states the amendments in this final rule are technical and non-discretionary, and they merely apply the method previously established in Regulation Z for determining adjustments to the thresholds	12 CFR 1026 as amended by 29 FR 48015
62	Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold	This also appears to be a technical change in the formula	12 CFR 1026 as amended by 81 FR 93581

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
63	Truth in Savings Act Compliance Policy	Adopt policy for implementing Truth in Savings Act, this includes adopting procedures related to activities like: account opening disclosure, dividend calculations, subsequent disclosures, member inquiries, training, record retention, advertising, monitoring	12 CFR pt. 707
64	Unfair or Deceptive Acts or Practices	The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) repealed NCUA's rulemaking authority under the Federal Trade Commission Act (FTC Act). As a result, the NCUA Board (Board) is now repealing NCUA's regulations governing unfair or deceptive acts or practices. Additionally, the Board is amending NCUA's payday alternative loans regulation to replace all references to short-term, small amount loans	12 CFR 701, 12 CFR 706, and 12 CFR 790 as amended by 79 CFR 10/03/2014

	<b>Required Policy</b>	<b>Executive Summary</b>	<b>Regulation/Reference</b>
65	Unlawful Internet Gambling Enforcement Act (UIGEA) Policy	Establish policies and procedures that are reasonably designed to identify and block or otherwise prevent restricted transactions	Unlawful Internet Gambling Enforcement Act of 2006
66	Volunteer Reimbursement Policy	Board members and other volunteers must abide by approved Board reimbursement policies	12 CFR 701.33
67	Website Policy	Written policies or procedures to address implementation and ongoing management of website	NCUA Letter to Credit Unions, 02- CU-17; NCUA e-Commerce Guide for Credit Unions

# A Required Policy???

## Loan Workouts and Troubled Debt Restructured Loans

- NCUA Board Action
- 12 CFR 741
- Is the adoption of a policy by the Credit Union's Board of Directors Required???



# Board Action Required for Loan Workout and/or TDR Policy?

- NCUA Supervisory Letter of August 2008 08-CU-20 Evaluating Credit Risks to Credit Unions. No mention of policy.
- NCUA Board Action Bulletin.  
“In developing a written *policy* in this area, the proposed TDR guidance would allow credit union boards and management to consider parameters.”
- Final Regulation & IRPS – Federal Register May 31, 2012
  1. Regulations amended to require FICUs to maintain written policies. (Summary paragraph)
  2. FICUs to have written policies. (Background paragraph)

# Board Action Required for Loan Workout and/or TDR Policy? (continued)

3. Adoption of written workout policies by October 1, 2012. (Page 2 of Regulation)
4. Final rule and IRPS to give FICU's *management* ability to "establish" institution appropriate policies. (Page 2 of Regulation)
5. The Final Rule requires the FICU Board *and* management to adopt and adhere to an explicit written policy and standard that control the use of loan workouts. (Page 6 of Regulation)
6. Apparently, the credit union Board and management must adopt and adhere to an explicit written policy and standards that control the use of loan workouts, and establish controls to ensure the policy is consistently applied." (IRPS/Final Regulation page 8)
  - Board and management??

# A Required Policy?

## Safe Act/Regulation G Policy?

- “[A] covered financial institution that employs one or more mortgage loan originators *must* adopt and follow written policies and procedures ...”
- The policies and procedures must take into account the “complexity, and scope of the mortgage lending activities.”
- It would appear that Board implementation could be suitable if the transactions were more complex or larger in scope.
- The regulation does not state that Board implementation is required

# Indirect Lending Under Letter 10-CU-15

## A Required Policy?

- The letter states “a comprehensive, effective , and ongoing due diligence program is necessary to mitigate the risks associated with indirect lending” and then proceeds to list the elements that the policy would require, including: (1) a planning process which assesses the risk of the vendor relationships both initially and ongoing; (2) *comprehensive written policies addressing all facets of the indirect lending program including underwriting and monitoring*; (3) a review process to assess the vendor’s financial and operational risks; (4) a process to periodically assess the legal agreements and needs for each program; and (5) a risk management process to control the risk associated with the vendor relationship.

# Indirect Lending Under Letter 10-CU-15

## A Required Policy?

- The letter is written to the Board of Directors. Suggest the Board are to implement the policies and procedures.
- The letter on page 4 states, “All exceptions [to the indirect loan policy] should be approved by credit union personnel responsible for administering the indirect lending program and **reported to the board of directors** for their review.”
- Based on this language, it appears that the Board must, at a minimum, review the indirect loan policy exceptions.
- Not a required Board policy.

# A Required Policy?

## Suspension of Member Services Denial of Member Services

- No regulation.
- No Letter to Credit Unions.
- No IRPS.
- No Adopted Law.
- NCUA Office of General Counsel

1. Letter of February 27, 1993 –

An FCU may limit all services except the member fundamental rights. The Board of Directors would need to adopt a policy and disseminate it to members.

2. Letter of June 22, 1994 –

Reduced Services – as long as the FCU has a rational basis for limiting services we would have no legal objection. (No mention of Policy)

# A Required Policy?

## Suspense of Member Services Denial of Member Services (continued)

3. Letter of February 7, 1996 –

An FCU Board of Directors may fashion a number of policies to deny credit union services.

4. Letter of June 10, 1996 –

Denial of most services requires “a policy.”

5. Letter of April 18, 1997 –

A Federal Credit Union may adopt a policy of denying services to a member who has a delinquent loan.

6. Letter of April 26, 1999 –

A policy that withholds dividends on the full amount of funds in a member’s share account violates NCUA regulations.

# A Required Policy?

## Suspense of Member Services Denial of Member Services (continued)

7. Letter of March 31, 1999 –

Denial of member services requires a policy.

8. Letter of August 12, 2008 –

- a. An FCU may have a policy suspending and limiting services to members.
- b. “We” would have no objections to suspending certain services to member where there is a logical relationship between objectionable conduct and the services to be suspended.
- c. FCUs need to ensure that the policy is in writing and provided to all members.
- d. We suggest you consult to determine the applicability of ECOA and the effects test.



	POLICY	REQUIRED?	
		Yes	No
1	Ability-to-Repay and Qualified Mortgage Standards Under the Truth in Lending Act		X
2	Application of Regulation Z's Ability-to-Repay Rule to Certain Situations Involving Successors-in-Interest		X
3	Bank Bribery Law	X	
4	Bank Secrecy Act Compliance Policy <input type="checkbox"/> Customer Identification Program (CIP) Policy that is required by 326 of the Patriot Act <input type="checkbox"/> Anti-Money Laundering Program	X	
5	Chartering and Field of Membership Manual	X	
6	Children's Online Privacy Protection Act (COPPA) Compliance Policy		X
7	Compliance Policy/Program		X



	POLICY	REQUIRED?	
		Yes	No
8	Consumer Leasing Act Policy		X
9	Contingency Funding Plan	<i>IF</i> CU has assets more than \$50 million	X
10	Credit by Banks and Persons Other than Brokers or Dealers for the Purpose of Purchasing or Carrying Margin Stock		X
11	Credit Practices Policy		X
12	Credit Union Service Organizations	X	
13	Definition of the Term “Fiduciary”; Conflict of Interest Rule- Retirement Investment Advice		X
14	Denial of Service		X
15	Derivatives Policy	X	
16	Disaster Recovery and Business Resumption Contingency Plan		It is recommended according to Appendix B of Part 749, but see NCUA Letter to Credit Unions 01-Credit Union-21 suggests CUs must have a plan

	POLICY	REQUIRED?	
		Yes	No
17	Disclosure and Delivery Requirements for Copies of Appraisals and Other written Valuations Under the Equal Credit Opportunity Act (Regulation B)		X
18	Dividend Nondiscriminatory Policy	<i>IF</i> issuing dividends	X
19	Electronic Fund Transfer Act Policy (EFT)		X
20	Employee Incentive or Bonus Policy	X	
21	Equal Credit Opportunity Act Policy		X
22	E-Sign Act Policy		X
23	Expedited Funds Availability Act Policy		X
24	Fair Credit Reporting Act Policy		X

	POLICY	REQUIRED?	
		Yes	No
25	Fair Debt Collection Practices Act Policy		X
26	Fair Housing Act Policy		X
27	Federal Credit Union Ownership of Fixed Assets		X
28	Fiduciary Duties Policy		X
29	Financial Education Program for the Board of Directors		X
30	Flood Disaster Protection Act Policy or National Flood Insurance Act Compliance Policy		X

	POLICY	REQUIRED?	
		Yes	No
31	Foreclosure and Repossession Policy		Unclear – there is a specific question in the examiner’s questionnaire re: whether there is a written foreclosure policy
32	High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act (Regulation Z) and Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act (Regulation X)		X
33	Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold		X
34	Home Mortgage Disclosure Act Policy		X
35	Homeowner’s Protection Act (HOPA)		X
36	Indirect Lending Policies		X

	POLICY	REQUIRED?	
		Yes	No
37	Information Security Program	X	
38	Interest Rate Risk Policy	X	
39	Investment and Deposit Activities-Bank Notes	X	
40	Investment Policy	X	
41	Liquidity and Contingency Funding Plans	X	
42	Loan Participation Policy	X	
43	Loan Workout Policy	<i>IF</i> participating in loan workouts/TDR	
44	Loans and Lines of Credit Policies/Loan Incentive Practices	X	
45	Management Officials Interlocks Act Compliance Policy		X

	POLICY	REQUIRED?	
		Yes	No
46	Member Business Loans; Commercial Lending	X	
47	Military Lending Act – Limitations on Terms of Consumer Credit Extended to Service Members and Dependents		X
48	Office of Foreign Asset Control (OFAC) Policy and Procedure		No requirement for this policy, but must comply with regulations
49	Overdraft Policy	<i>IF</i> permitting member to overdraft without a credit application on file	
50	Preservation of Consumer Claims and Defenses Policy (Holder in Due Course)		X
51	Privacy Policy	Seems to be required due to disclosures to consumers are stating the CU's policies related to nonpublic information	
52	Purchase, Sale, and Pledge of Eligible Obligations Policy		X

	POLICY	REQUIRED?	
		Yes	No
53	Real Estate Settlement Procedures Act Policy		X
54	Records Preservation Program and Record Retention Policy	X	
55	Reimbursement for Providing Financial Records Policy		X
56	Reserves on Transaction Accounts		X
57	Risk-Based Lending Policies	<i>IF</i> offering risk-based lending program	
58	Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) Compliance Policies		X
59	Service-members' Civil Relief Act Policy		X
60	Truth in Lending Act		X
61	Truth in Lending (Regulation Z) Annual Threshold Adjustments (CARD ACT, HOEPA and ATR/QM)		X



	POLICY	REQUIRED?	
		Yes	No
62	Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold		X
63	Truth in Savings Act Compliance Policy		X
64	Unfair or Deceptive Acts or Practices		X
65	Unlawful Internet Gambling Enforcement Act (UIGEA) Policy	IF CU has any of the designated payment systems (ach systems, card systems, check collection systems, or wire transfer systems)	
66	Volunteer Reimbursement Policy	X	
67	Website Policy		X

# Final Count

- 21 or less 😊

# Policy as Defined by NCUA

- It is important to remember that even if there is no regulatory requirement for Board approval, the Credit Union Board still has the ultimate responsibility for the operations of the Credit Union.
- The NCUA Examiner's Guide states "The Board must approve all **major** policies. Further, it should review, and if necessary, update those policies at least annually."

# Fish, or Cut Bait

Anthony Demangone

Executive Vice President and Chief Operating Officer

- “Not making decisions. Listen, investigate, seek suggestions, but whatever you do, decide.” Dan Rockwell
- “So go ahead and act as if your decisions are temporary. Because they are. Be bold, make mistakes, learn a lesson and fix what doesn’t work. No sweat, no need to hyperventilate.” Seth Godin
- “There you have it. Fish, or cut bait. Use due diligence. Do your homework. But by all means, decide. Make a choice. It will provide clarity, efficiencies, and a new direction.” Anthony Demangone



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# NCUA Board of Directors Policies – Which Ones Truly Require Action? August 1, 2017

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