

Policies Module Handout

Sample Policy Components and Resources

Policy #1: Lending or Loan Underwriting Policy

Purpose: The **Lending or Loan Underwriting Policy** details CU's loan products and parameters for reviewing and approving each type of loan, as well as practices to identify, measure, monitor and control risk within the loan portfolio. Standard sections included in these policies are shown below and are included in the downloadable handout:

- Underwriting standards for all loans
- Product types, terms, and additional or special underwriting standards for each such as
 - Signature Loans
 - New / Used Auto Loans
 - Credit Builder Loans
 - Home Equity Loans and/or Lines of Credit ([Dodd Frank Act Resources](#))
 - Participation Loans ([Letter 08-CU-26](#))
- Risk-Based Lending Policies and/or other Pricing Standards
- Concentration Risks – NCUA Letter [10-CU-03](#) + [Supervisory Letter](#)
 - Risk Measurement and Analysis Tools
 - Risk Parameters – e.g., portfolio concentration limits based on loan type or risk tiers.

Resources: Equal Credit Opportunity Act (ECOA/Reg B), Truth in Lending Act (Reg Z) – [NCUA Regulatory Alert 09-RA-07](#); Fair Credit Reporting Act,

Policy #2: Investment and Liquidity Policy

Purpose: The **Investment and Liquidity Policy** details the allowable sources to invest liquid funds beyond loan funding, and strategies for identifying, measuring, monitoring, and controlling liquidity, interest rate, and other risks. Standard sections included in these policies are shown below and are included in the downloadable handout:

- Allowable Investments ([Part 703](#))
- Liquidity Standards ([Letter 00-CU-13](#))
- Contingency Funding Plan ([Supervisory Letter 14-03](#))
- Overdraft Policy ([Regulatory Alert 10-RA-12](#))

Resources: Truth in Savings Act

Policy #3: Collection and Charge-Off Policy

Purpose: The Collection and Charge-Off Policy details processes and timing for collecting late loan payments, and, when necessary, charging off uncollectible loans. Standard sections included in these policies include:

- Forms and timing of communication, for example, phone, email, postal notices, or when and how collection agencies are used.
- Loan Workouts (appendix C, 12 CFR pt. 741)
- Troubled Debt Restructuring ([Letter No 13-CU-03](#) + [Supervisory Letter 13-02](#))

- Allowance for Loan and Lease Losses (ALLL) Policy ([Letter 02-CU-09](#))

Resources: [Fair Debt Collection Practices Act](#), [Fair Credit Reporting Act](#)

Policy #4: Bank Secrecy Act (BSA) Policy

Purpose: The Bank Secrecy Act or BSA Policy details CU practices for complying with BSA requirements to protect the CU against financial crimes including money laundering, terrorist financing, and other illicit financial transactions. Standard sections are shown below and are included in the downloadable handout:

- Customer Identification Program (CIP) which, at a minimum, should outline the CU's rules for
 - Eligible forms of ID and
 - Verification of FOM eligibility
- ..Other sections of this policy will include:
- Currency Transaction Reports (CTRs)
- Anti-Money laundering Program and the
- FinCEN and OFAC review schedules and procedures

Resources: [NCUA BSA Guidance Resource Center](#); § 326 of the Patriot Act

Policy #5: Disaster Recovery and Business Resumption Contingency Plan

Purpose: The **Disaster Recovery and Business Resumption Contingency Plan policy** details the communication and operation plan to ensure a CU's uninterrupted service in the case of a disaster or other unanticipated event. Standard sections are shown below and are included in the downloadable handout:

- Documentation and management of policies and procedures
- Critical Systems and Services
- Business Impact Analysis
- Failure Types – Probability, Duration and Criticality
- Contingency Strategies

Resources: NCUA [Letter # 01-CU-21](#)

Policy #6: Personnel Policy

Purpose: The Personnel Policy details staff benefits, performance reviews, and order of authority for handling staff problems / complaints. Standard sections included in these policies are shown below and are included in the downloadable handout:

- Benefits list and eligibility criteria
- Performance Review process and schedule
- Sexual Harassment Prevention and Nondiscrimination Policies
- Grievances and Appeals

Resources: [OSHA](#), [FLSA](#), [FMLA](#)

Slide 4: Policy #7: Fiduciary Duties Policy

Purpose: The Fiduciary Duties Policy outlines the requirement and process the board uses to provide required training needed to serve as fiduciaries. Standard sections included in these policies are shown below and are included in the downloadable handout:

- Duties of Federal Credit Union Directors
- Board Financial Training Program – Opportunities and Timeframes

Resources: 12 CFR § 701.4; NCUA [Letter # 11-FCU-02](#)

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