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Appendix A: For More Information

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About the Authors

Valerie Y. Moss is Director of Compliance Information for CUNA Regulatory Affairs in the Washington, D.C. office. In this position, Ms. Moss is responsible for contributing to and editing articles on various compliance issues of interest to credit unions for Credit Union Magazine, maintaining the compliance portion of CUNA’s website, and responding to credit unions’ compliance inquiries. Before joining CUNA in 1997, Ms. Moss was a regulatory specialist with the Michigan Credit Union League. She holds a B.A. in political science from the University of Michigan, Ann Arbor, and a J.D. from the Washington College of Law, the American University in Washington, D.C.

Mary-Lou Heighes has over 20 years of experience in credit unions and compliance. Ms. Heighes spent 5 years in credit unions, 7 years in the California Credit Union League’s Research and Information Department as Senior R&I Consultant, writing TIPS bulletins, and working with state and federal government affairs departments on legislative and regulatory issues. She provides training at CUNA’s Regulatory Compliance School, Mortgage and Consumer Lending Schools, the CUNA/NASCUS BSA Conference, League seminars in California and throughout the country as well as over 50 webinars each year. She is the Author of Understanding Regulations, part of CUNA’s Volunteer Achievement Program. Ms. Heighes is the president of Compliance Plus, Inc. which provides training and consulting services to credit unions.
Credit union directors are responsible for setting the direction of the credit union. Board members must make the tough decisions concerning the overall operation of the credit union, including the credit union’s investment strategy, deposit and lending policies, and competitive product development and pricing. Day-to-day operations are left in the hands of management, but the board sets the course.

Credit union directors cannot make these decisions in a vacuum. They must make all policy decisions in accordance with the laws and regulations that govern credit union operations and financial institutions in general. As “fiduciaries,” or trustees, of the credit union members who voted them into office, directors are charged with having a working knowledge of these requirements.

It is unrealistic to expect that credit union directors know each and every regulation from cover to cover. After all, credit union directors are volunteers who generally have full-time jobs that require most of their attention. Nevertheless, knowledge of regulatory requirements is a necessary part of functioning as a successful credit union director. This responsibility should be taken seriously. The credit union’s safety and soundness and its ability to effectively serve the needs of its members are at stake.

Failure to act in accordance with government regulations can result in sanctions by the supervisory agency, including cease and desist orders, suspension from the board, and even removal from office. In addition, board members who completely disregard regulatory requirements may be held personally liable for payment of civil penalties to the government or affected members.

The Federal Credit Union Act and the National Credit Union Administration’s (NCUA) Rules and Regulations govern federal credit union operations. Likewise, state credit union laws and regulations govern state credit union operations. In addition to state law requirements, state-chartered credit unions that are insured by the National Credit Union Share Insurance Fund (NCUSIF) must also comply with NCUA’s requirements for insurance. Add to these requirements the myriad of consumer protection, equal opportunity, and other laws and regulations promulgated by the Federal Reserve Board.

1State consumer protection laws also may affect the operations of both federal and state chartered credit unions.
the Consumer Financial Protection Bureau, and the Labor and Treasury Departments and compliance may seem overwhelming.

Not to fear. This handbook will help you sort through these regulations by providing you with an overview of the various requirements. The Director’s Handbook for Credit Union Regulations walks you through

- how laws and regulations affect credit unions;
- the rules on organization and structure of federal credit unions;
- the regulatory requirements associated with maintaining federal share insurance;
- a summary of consumer protection regulations and the laws governing credit union operations;
- an outline of general lending regulations, including NCUA and Federal Reserve Board regulations;
- guidance on where to obtain additional information.

Remember, no one expects you to know these rules inside and out. However, a basic understanding of these requirements, plus the knowledge of where to go for additional information, will help you effectively oversee your credit union’s regulatory compliance responsibilities.