

November 1, 2016

«cl\_name»

Credit Union Name

«address»

Dear Committee Members/Mrs./Mr./Miss:

We are pleased to have this opportunity to present our proposal to provide compliance consulting services to «scope» Credit Union (the “Credit Union”). Under this engagement, Wolf Regulatory Compliance Services Group would provide consulting services from January 1, 201x through December 31, 201x.

**OBJECTIVE**

The objective of the Wolf Regulatory Compliance Services Group is to evaluate the compliance program within the Credit Union for compliance with the applicable federal and state banking regulations. Through a series of compliance program reviews, we will examine the Credit Union’s compliance activities with specified federal and state regulations to identify and address any weaknesses. Our review of each compliance topic will include an analysis of the applicable policies, procedures, disclosures and other materials as they pertain to the federal and state regulations and requirements.

**SCOPE**

The Wolf Regulatory Compliance Services Group will review specific areas of regulatory compliance as examined by the National Credit Union Administration and the Massachusetts Division of Banks. Our review of each compliance topic will include an analysis of the applicable policies, procedures, disclosures, training and other materials as they pertain to the federal and state regulations and requirements. All of the compliance programs review applicable state regulations in conjunction with the listed federal statutes. Please see Appendix A for a summary of each compliance review.

**PROCEDURES**

Wolf & Company, P.C.'s Regulatory Compliance Services Group will provide assistance to the Credit Union’s Internal Audit Department by performing the compliance reviews designated in this proposal. These services will be provided from January 1, 2013 through December 31, 2013. The Regulatory Compliance Services Group will review the compliance monitoring performed by the Credit Union for accuracy and adequacy and will perform independent testing to verify and document the Credit Union’s compliance with the specific requirements. All procedures, findings and recommendations will be documented during the review. An exit interview will be held to discuss the procedures, findings and recommendations of the review. We will issue reports to the Credit Union indicating the general objectives, procedures and scopes of the work performed, as well as findings and recommendations from our review The Credit Union assumes the responsibility of presenting the reports to the Auditing Committee and the Board of Directors OR In addition, we are available to present our reports to the Audit Committee and will attend meetings as requested by Credit Union Management and the Audit Committee.

As part of our regular service for no additional fee, the Wolf Regulatory Compliance Services Group is a compliance resource for all employees of the Credit Union on all compliance issues.  Through telephone calls, letter, emails, and faxes, Regulatory Compliance Services Group serves as the Credit Union’s compliance advisor and resource by performing such services as answering questions, performing research, reviewing advertisements, and assisting with the development of new projects and initiatives. The Credit Union will be notified prior to the incurrence of any fee and requested for a course of action for those identified large research projects in excess of 1 hour.

The reports issued are the property of the Credit Union. The workpapers for this engagement are the property of Wolf and Company, P.C. and constitute confidential information. Such workpapers will be retained by Wolf and Company, P.C. for a period of seven years. However, we may be requested to make certain workpapers available to any banking regulatory agency of the Credit Union pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Wolf and Company, P.C. personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to such banking regulatory agency. The banking regulatory agency may intend, or decide, to distribute the photocopies or information contained therein to others, including governmental agencies. Upon request, the workpapers will be available for review by the Credit Union’s employees authorized by the Credit Union. Copies of specified workpapers will be provided upon request.

Except as instructed otherwise in writing, each party may assume that the other approves of properly addressed fax, email (encrypting any Credit Union and consumer confidential information) and voicemail communication of both sensitive and non-sensitive documents, including third party confirmations, and other communications concerning this Agreement, as well as other means of communication used or accepted by the other party.

The Wolf Regulatory Compliance Services Group will not perform management functions, make management decisions, or act or appear to act in a capacity equivalent to that of a member of management or an employee and, if applicable, will comply with AICPA, U.S. Securities and Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB) or regulatory independence guidance. Management agrees to perform the following in connection with this engagement:

* Make all management decisions and perform all management functions;
* Designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services;
* Evaluate the adequacy and results of the services performed;
* Accept responsibility for the results of the services; and
* Establish and maintain related internal controls, including monitoring ongoing activities.

In accordance with the requirements as specified by the Gramm-Leach-Bliley Act sections 501, 502(b)(c) and (e), 505(b), 509, 521(a)(b)(d) and (f), and 527, the Fair Credit Reporting Act sections 609, 615 and 628, Massachusetts Regulation 201 CMR 17.01 et seq. and the AICPA Code of Professional Conduct Rule 301, Wolf & Company, P.C. shall protect, safeguard and dispose of any and all member and consumer information received from the Credit Union.  **In furtherance of the foregoing, we have implemented, and shall maintain during the term of the engagement described herein, a commercially reasonable information security program designed to protect Personal Information (as that term is defined at 201 C.M.R. 17.02), which program includes administrative, technical and physical safeguards that comply with the requirements set forth in 201 CMR 17.01 et seq.** We will not disclose any member or consumer information obtained from the Credit Union during our engagement to any third party except as necessary to perform the assigned tasks under the terms of this Agreement, as required by applicable federal or state law and as required by any regulatory agency or peer review group of the Credit Union or Wolf & Company, P.C.   As soon as practical and without unreasonable delay, Wolf & Company, P.C. shall notify the Credit Union of any incident of unauthorized access to the Credit Union’s member and/or consumer information.

**BUDGET**

The proposal projects an annual compliance budget of approximately 350 hours. The estimated fee for the proposed procedures, excluding out-of-pocket expenses which will be billed at our actual cost, is $5,500. This budget may be modified, at the Credit Union’s request, to incorporate or amend areas of compliance review or to add compliance training sessions. We are presenting the proposal to perform regulatory compliance services from January 2013 through December 2013, but have provided information for services through December 2014 so that the Auditing Committee can fully understand the content and timing of the initial scope.

Invoices shall be paid within 30 days of receipt by the Credit Union. This agreement will be in effect through December 31, 2016 unless it is earlier terminated by either party in writing without prior notice. Either party may cancel this agreement at any time by providing written notice of cancellation to the other party. Upon termination, Wolf will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

Additional costs due to changes in structure or services offered will be discussed with you prior to the start of the work. Significant breakdowns in the internal control structure that increase the scope of our work will be handled in the same manner.

**CLOSING**

Thank you for requesting the Wolf Regulatory Compliance Services Group to propose on this very important engagement. We believe that our greatest strength in qualifying to serve XXX Credit Union is the capability and experience of the personnel assigned to this engagement. If you find the terms of this proposal satisfactory, we would appreciate it if you would indicate your acceptance below and return a copy of the signed proposal to us.

Very truly yours,

Stephen R. King, J.D., AMLP

Member of the Firm

This proposal for Wolf Regulatory Compliance Services Group compliance consulting services is accepted on behalf of XXX Credit Union:

Title Date

**APPENDIX A**

**PROPOSED REGULATORY COMPLIANCE REVIEW PROGRAM**

**January 1, 2013 – December 31, 2013**

Each compliance review will evaluate the information to identify any apparent Regulation AA/Unfair Deceptive or Abusive Act or Practice (“UDAAP”) violation.

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| --- | --- | --- | --- |
| **Item** | **Compliance Review** | **Proposed 2013 Hours** | **Tentative 2014 Hours** |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |
| 4 |  |  |  |
| 5 |  |  |  |
| 6 |  |  |  |
| 7 |  |  |  |
| 8 |  |  |  |
| 9 |  |  |  |
| 10 |  |  |  |
| 11 |  |  |  |
|  | Total Hours |  |  |