

## **Family First Credit Union**

### **Compliance Policy and Procedures**

#### **Policy Statement**

The Board of Directors of Family First Credit Union is committed to servicing its members on a fair and nondiscriminatory basis and to being a major force in the development of the Credit Union's local community.

To achieve this, it is necessary that Family First Credit Union be in compliance with all applicable consumer protection laws at all times. Therefore, the Board of Directors has appointed the Compliance Officer to manage the consumer compliance risk for the Credit Union.

#### **Responsibility of Compliance Officer and Board of Directors**

The Compliance Officer and the Board of Directors are responsible for ensuring that the Credit Union is in compliance with all applicable laws, rules, regulations, regulatory rules and regulatory guidelines. The Compliance Officer shall have the full support of the Board of Directors in regard to said compliance; and shall report any known or suspected noncompliance to the Board and Senior Management for appropriate corrective action.

The Board of Directors and the Supervisory Committee are responsible for the overall Credit Union compliance with consumer protections statutes; however, the Compliance Officer will report directly to the CEO concerning compliance reviews of Credit Union functional areas, regulatory examination reports and answers to those reports, impact of new or changes to existing regulations and general compliance issues and concerns. Examination reports and changes will be reported to the Supervisory Committee by the CEO and/or Compliance Officer when necessary. The Compliance Officer has the authority to implement all procedures necessary to maintain compliance with consumer protection statutes and the policies of the Credit Union. Specifically, the Compliance Officer is responsible for:

- Formulating and updating Credit Union policies and procedures to maintain Credit Union compliance with applicable compliance statutes and regulations
- Assisting senior managers and the Board of Directors in assessing the Credit Union's overall risk for compliance violations and implementing a program commensurate with that risk
- Coordinating the training of Credit Union personnel on Credit Union compliance policies and procedures
- Monitoring consumer and other complaints
- Maintaining an ongoing review program of Credit Union compliance

## **Competent Legal Assistance**

The laws, rules, regulations and other official guidance the Credit union is required to comply with are extremely complex. In addition, the Credit Union is faced with day-to-day legal compliance matters. Further, Family First Credit Union is required to have the assistance of legal counsel in many other areas such as for contract reviews, due diligence assessments, reviews of Credit Union policies, procedures, forms, etc. Thus, it is of paramount importance that the Credit Union has a relationship with legal counsel that is competent to provide counsel and assistance to the Credit Union regarding such matters. A competent adviser will be a lawyer or law firm that is highly considered by the Credit Union industry and has a minimum of five years' experience with Credit Union laws, rules, and regulations. The CEO and Compliance Officer will assess such service providers to include the scope of services they provide, the quality of the services they provide including their professional reputation and other qualifications and the cost of such services to insure the Credit Union has a relationship with a highly qualified legal adviser as deemed necessary by the Board.

## **Procedures**

Training of all persons (Board Members, Management, Employees and Others) is an integral part of compliance. Training is also a key tool for protecting the Credit Union from liability. Therefore, training shall be an integral part of Family First Credit Union's compliance program; and the Compliance Officer shall undertake to insure appropriate training is provided pursuant to Appendix A (which Appendix shall be amended from time to time by the Compliance Officer as required or as recommended per the advice of the Credit Union's competent legal/compliance advisor as mentioned previously in this policy). Family First Credit Union and the Compliance Officer shall insure training is provided for all persons; and will incorporate the requirements of the Credit Union's Bylaws as appropriate to the Credit Union- See Article VI, Section 6:

Section 6. Board responsibilities. The board has the general direction and control of the affairs of this credit union and is responsible for performing all the duties customarily performed by board of directors. This includes but is not limited to the following:... (d) Establishing a policy to address training for newly elected and incumbent directors and volunteer officials, in areas such as ethics and fiduciary responsibility, regulatory compliance, and accounting and determining that all persons appointed or elected by this credit union to any position requiring the receipt, payment or custody of money or other property of this credit union, or in its custody or control as collateral or otherwise, are properly bonded in accordance with the Act and regulations.

## **Compliance Training**

The Compliance Officer, in conjunction with management, will develop a training program on all new regulations and changes to existing regulations necessary to ensure compliance. The Compliance Officer will coordinate the training of appropriate Credit Union personnel with the appropriate manager to correct violations found as a result of examinations and other reviews.

When training of employees is required, the Compliance Officer will establish procedures necessary for implementation.

## **Ongoing Review Program**

The Board of Directors is responsible for maintaining ongoing reviews of Credit Union compliance. The Compliance Officer will develop a schedule of areas to be covered by each review. An external consultant/auditor will conduct reviews annually and will forward the results to the CEO and Board of

Directors.

### **Competent Third Party Assistance**

Family First Credit Union will contract with and consult with competent third parties to assist with compliance review and assessment. Such parties will also be consulted and retained to conduct mandatory reviews and assessments such as Bank Secrecy – Anti-money Laundering. The qualifications for such third parties should be the same or similar to those set forth herein regarding competent legal/compliance assistance.

**The Board of Directors approved and adopted this policy on\_\_\_\_\_.**

# Family First Credit Union

## Compliance Policy and Procedures

### Appendix A

### Recommended Training Schedule

Family First Credit Union's education program is designed to insure:

1. Compliance,
2. Avoid violations,
3. Defense from regulatory and possible member actions/lawsuits,
4. Understanding of obligations and policies adopted; and
5. Protection of the Credit Union on behalf of the members served by Family First Credit Union.

The goal of our training program is to meet and exceed the matters stated. This is for information and should not be made a part of this policy.

Topic	Group 1: New Employees – As it applies to the Job Function	Group 2: Annual Training for Tellers, MSRs as it applies to the Job Function
<b>Regulatory – Required</b> Bank Secrecy Act Funds Availability Act (Reg CC) Security Procedures Privacy Member Accounts and Service Training	ALL	Bank Secrecy Act Funds Availability Act (Reg CC) Security Procedures Privacy
<b>Regulatory – Strongly Recommended</b> Fair Lending (ECOA/Fair Housing Act) Due Diligence Ethical Obligations, Sarbanes-Oxley. NCUA Letter 03-FCU-07 Lending (if applicable) Legal and Regulatory Update	Ethical Obligations, Sarbanes-Oxley. NCUA Letter 03-FCU-07 Lending (if applicable) Legal and Regulatory Update	Fair Lending (ECOA/Fair Housing Act) Due Diligence Ethical Obligations, Sarbanes-Oxley. NCUA Letter 03-FCU-07 Lending (if applicable) Legal and Regulatory Update
<b>Regulatory – Recommended</b> Truth in Lending (Reg Z) Fair Credit Reporting Act (FACT Act) Real Estate Settlement Procedures Act (RESPA) Flood Disaster Protection Act Home Mortgage Disclosure Act (HMDA) Electronic Funds Transfer Act (Reg E) Truth in Savings (Reg DD) Reserve Requirements (Reg D) Collection and Bankruptcy Laws	Fair Credit Reporting Act (FACT Act) Truth in Savings (Reg DD) Truth in Lending (Reg Z) Home Mortgage Disclosure Act (HMDA) Electronic Funds Transfer Act (Reg E) Reserve Requirements (Reg D)	Fair Credit Reporting Act (FACT Act) Truth in Savings (Reg DD) Truth in Lending (Reg Z) Home Mortgage Disclosure Act (HMDA) Electronic Funds Transfer Act (Reg E) Reserve Requirements (Reg D)
<b>Other Regulatory – Optional</b> Americans With Disabilities Act (ADA) NCUA Insurance (NCUA) Consumer Insurance Sales Issues Member Investments and NCUA Letter 150	ALL	ALL
<b>Human Resources – Optional but Recommended</b> New Employee Orientation Sexual Harassment Awareness Team Building/Motivational HR Policies and Procedures / Policy Manual Ethics Policies and Procedures	ALL	Sexual Harassment Awareness Team Building/Motivational HR Policies and Procedures / Policy Manual Ethics Policies and Procedures

Topic	Group 3: Annual Training for Lending Staff	Group 4: Management and Board Members – as applicable
<b>Regulatory – Required</b> Bank Secrecy Act Funds Availability Act (Reg CC) Security Procedures Privacy Member Accounts and Service Training	Bank Secrecy Act Funds Availability Act (Reg CC) Security Procedures Privacy	Bank Secrecy Act Security Procedures Privacy Fair Lending (ECOA/Fair Housing Act) Ethical Obligations, Sarbanes-Oxley. NCUA Letter 03-FCU-07
<b>Regulatory – Strongly Recommended</b> Fair Lending (ECOA/Fair Housing Act) Due Diligence Ethical Obligations, Sarbanes-Oxley. NCUA Letter 03-FCU-07 Lending (if applicable) Legal and Regulatory Update	Fair Lending (ECOA/Fair Housing Act) Ethical Obligations, Sarbanes-Oxley. NCUA Letter 03-FCU-07 Lending (if applicable) Legal and Regulatory Update	Due Diligence Lending (if applicable) Legal and Regulatory Update Board and Management Duties Responsibilities and Liability Avoidance/Protection
<b>Regulatory – Recommended</b> Truth in Lending (Reg Z) Fair Credit Reporting Act (FACT Act) Real Estate Settlement Procedures Act (RESPA) Flood Disaster Protection Act Home Mortgage Disclosure Act (HMDA) Electronic Funds Transfer Act (Reg E) Truth in Savings (Reg DD) Reserve Requirements (Reg D) Collection and Bankruptcy Laws (if applicable)	Truth in Lending (Reg Z) Fair Credit Reporting Act (FACT Act) Real Estate Settlement Procedures Act (RESPA) Flood Disaster Protection Act Home Mortgage Disclosure Act (HMDA) Reserve Requirements (Reg D) Collection and Bankruptcy Laws (if applicable)	Legal/Compliance Overviews; Reviews and Updates Collection and Bankruptcy Laws for applicable managers
<b>Other Regulatory – Optional</b> Americans With Disabilities Act (ADA) NCUA Insurance (NCUA) Consumer Insurance Sales Issues Member Investments and NCUA Letter 150	Americans With Disabilities Act (ADA) NCUA Insurance (NCUA) Consumer Insurance Sales Issues	
<b>Human Resources – Optional but Recommended</b> New Employee Orientation Sexual Harassment Awareness Team Building/Motivational HR Policies and Procedures / Policy Manual Ethics Policies and Procedures	Sexual Harassment Awareness Team Building/Motivational HR Policies and Procedures / Policy Manual Ethics Policies and Procedures	Sexual Harassment Awareness Team Building/Motivational HR Policies and Procedures / Policy Manual Ethics Policies and Procedures