

League of Southeast Credit Unions

Small Credit Union Conference

May 11, 2017

Sarah H. Moore, Administrator



- **Risks**
- **Regulatory Focus**
- **Areas for Future Regulatory Changes**



- **Employee Fraud has increased in small credit unions across the country**
 - Typically, familiarity among the employees causes relaxation of internal controls
 - Internal controls are there to protect your credit unions – Supervisory committee should ensure that controls are operating as intended
- **Auto Lending Programs- “Make more loans to high risk borrowers and make more money”**
 - Auto sales were down in April 2017- leading indicator of consumer confidence or lack thereof
 - Loan growth above and beyond peers could indicate an issue



- **Ensure that your credit union is underwriting auto loans for add-ons such as warranties, insurance products, etc. and verified income**
- **Ensure that you continue to comply with the Military Lending Act regarding interest rates and collection activities**



- **Credit, Credit, Credit**
 - Auto lending
 - Unsecured consumer lending
 - Extensions
 - Renewals
 - Proper classification of Troubled Debt Restructures
 - Charge offs in accordance with NCUA letter to Credit Unions #3-CU-01
 - Adequate allowance for loan losses



Areas for Future Regulatory Changes

- **Vendor Risk Management**
- **Appraisal section needs to be reworded for clarity- no substantive changes**
- **Information technology**
- **Corporate Governance, board member evaluations, training, etc.**
- **Mergers and Acquisitions including management payouts**
- **Let us hear from you- Other?**



- **ACUA will work diligently with you to maintain a sound and healthy state chartered credit union system that can adapt to members' changing needs**
- **ACUA welcomes comments and feedback on examinations, laws and regulations**
- **Questions/ Comments?**



**Alabama Credit Union Administration
100 North Union Street, Suite 650
Montgomery, Alabama 36104
334-353-5770**

