

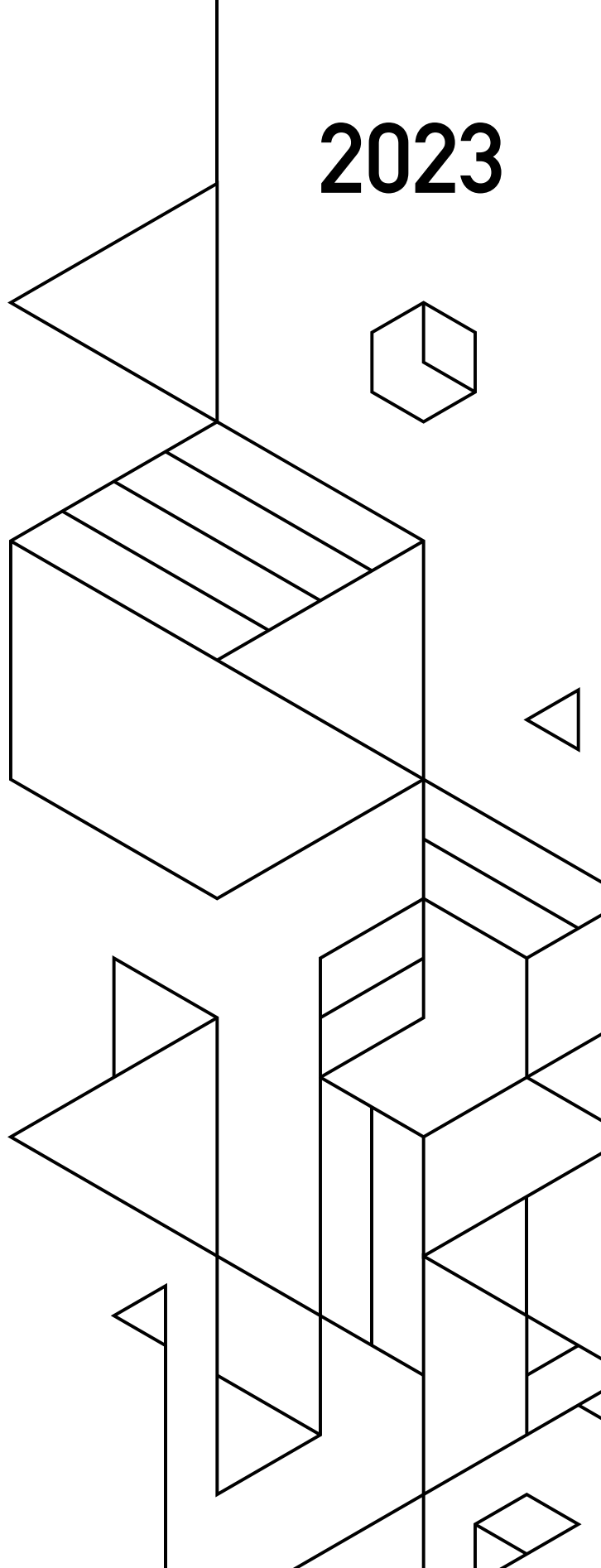


Exam Study Guide

2023

NCCO

CERTIFICATION



NCCO

NAFCU CERTIFIED
COMPLIANCE OFFICER

This NCCO Exam Study Guide has been provided for your convenience when preparing for the NAFCU Certified Compliance Officer (NCCO) examinations. It contains detailed information about the NAFCU Certified Compliance Officer Program and the NCCO exams, helpful study tips for each section that coincide with the *NAFCU Credit Union Compliance Roadmap* and sample questions, which provide an idea of what to expect on the NCCO examinations.

NAFCU CERTIFIED COMPLIANCE OFFICER EXAMINATIONS

The NCCO program is designed for any person interested in obtaining a solid foundation of the compliance issues facing credit unions. There is no requirement to be affiliated with NAFCU in order to become an NCCO.

To become certified, an individual must pass a series of four examinations. These examinations cover a wide range of compliance subjects, as detailed below. Attendees of [NAFCU's Regulatory Compliance School](#) will have the opportunity to take all four exams in person at the conference.

Exam Structure.

Each of the four exams contains 50 multiple-choice questions. Questions are a mix of True/False, Yes/No and complex multiple-choice options. **A Passing Score is 76% correct (38/50)** on each exam.

The certification questions are drawn from material contained in *NAFCU's Credit Union Compliance Roadmap*. A breakdown of the exam topics and the number of questions per topic is listed below, as well as study tips for all four of the exams.

If you take any one exam and do not obtain a passing score, then it is possible to do a retake of that exam. Individuals only need to pass each exam one time. If you have already passed three exams, you would only need to pass the fourth exam before becoming an NCCO. In short – pass all four exams and you become an NCCO.

Note: [NAFCU's Regulatory Compliance School](#) attendees have the opportunity to take the exams while at the school. However, [fees for the exams](#) are not included in the conference registration fee. Attendees of the school will receive an invoice after the conference for any exams taken during the conference.

Timeframe.

If you attend NAFCU's Regulatory Compliance School on March 13-17, 2023, you will have until August 31, 2023, to pass all four exams.

Notification of Results.

You will be notified of your exam results via the NAFCU Events app.

Retakes.

If you do not pass a particular exam, you can retake it at your credit union with a proctor. Please contact ncco@nafcu.org for more information.

Conferring the NCCO Credential

If you successfully pass all four (4) exams within the prescribed exam period, you will become a **NAFCU Certified Compliance Officer (NCCO)** with all rights to promote your designation. The certification marks and abbreviations related to the NCCO are the property of NAFCU and we maintain the sole right to control the use of the brand.

Recertification of Credential.

NCCOs must recertify every two years to maintain their certification. Recertification can be done by earning 24 continuing education units related to regulatory compliance content.

For new NCCOs, your accumulation period for recertification begins on January 1 of the year after you passed the exams. For example, if you passed your exams in March 2023, your accumulation period would be January 1, 2024, through December 31, 2025. Each time you recertify, your NCCO designation is valid for another two-year period during which you would need to obtain 24 continuing education units in order to maintain your NCCO status.

Continuing Education Units (CEUs).

NCCOs can earn CEUs by completing one or more of the following:

- › Attending [NAFCU's Regulatory Compliance & BSA Seminar](#) (24 CEUs);
- › Attending [NAFCU's Regulatory Compliance School](#) (24 CEUs);
- › Viewing NAFCU's compliance webinars (1.0 CEUs for 1.0-hour webinars);
- › Attending NCCO-accredited compliance sessions at other [NAFCU conferences](#);
- › Attending other compliance-related training. Note: [non-NAFCU Program CEUs](#) may be accepted at a fee of \$10 per 0.5 CEU earned. You can submit a request for credit for non-NAFCU Program CEUs [here](#).

NCCO EXAMS

The questions on the NCCO exams are drawn from material contained in [NAFCU's Credit Union Compliance Roadmap \(Roadmap\)](#). The *Roadmap* serves as the primary textbook for the NCCO exams. All Regulatory Compliance School attendees will receive a copy of the most recent *Roadmap*.

Below is a breakdown of the exam questions per the *Roadmap* section.

EXAM 1 – 50 Questions

Chapter 1, Section 1: The Legislative and Regulatory Process	3 Questions
Chapter 1, Section 2: The Federal Credit Union Act and the NCUA	3 Questions
Chapter 1, Section 3: The Consumer Financial Protection Bureau	4 Questions
Chapter 1, Section 4: NCUA Supervision and Examination	6 Questions
Chapter 1, Section 5: Federal Credit Union Governance	6 Questions
Chapter 1, Section 6: Federal Credit Union Powers and Limitations	9 Questions
Chapter 1, Section 7: Field of Membership for Federal Credit Unions	6 Questions
Chapter 2, Section 2: Share Insurance.....	6 Questions
Chapter 3, Section 1: NCUA Lending Requirements	7 Questions

EXAM 2 – 50 Questions

Chapter 2, Section 1: Regulation E.....	10 Questions
Chapter 2, Section 3: Regulation CC.....	8 Questions
Chapter 2, Section 4: Truth in Savings.....	11 Questions
Chapter 2, Section 5: E-SIGN Act.....	6 Questions
Chapter 4, Section 2: Privacy of Member Information.....	15 Questions

EXAM 3 – 50 Questions

Chapter 3, Sections 2 – 3, 5: CFPB's Regulation Z.....	10 Questions
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Chapter 3, Section 4: Special Credit Card Rules	5 Questions
Chapter 3, Section 6: Mortgage Origination Under RESPA and Regulation B	3 Questions
Chapter 3, Section 7: TILA/RESPA Integrated Disclosures	5 Questions
Chapter 3, Section 8: Mortgage Origination Consumer Protections	6 Questions
Chapter 3 Section 10: Lending to Servicemembers - MLA & SCRA.....	7 Questions
Chapter 3, Section 11: Fair Lending and Regulation B.....	8 Questions
Chapter 3, Section 12: Fair Credit Reporting Act	6 Questions

EXAM 4 - 50 Questions

Chapter 3, Section 9: Mortgage Servicing	12 Questions
Chapter 3, Section 13: Loans in Flood Hazard Areas	3 Questions
Chapter 4, Section 1: BSA and OFAC	16 Questions
Chapter 4, Section 3: Information and Data Security.....	10 Questions
Chapter 4, Section 4: Vendor Management.....	5 Questions
Chapter 4, Section 5: The Telephone Consumer Protection Act	4 Questions

Note: The Material from the Appendix of the Roadmap Is Not Tested

Remember, a Passing Score for an Exam is 76% Correct (38/50)

EXAM 1 - BASICS

CHAPTER 1, SECTION 1 - THE LEGISLATIVE AND REGULATORY PROCESS

1. What is the difference between a preamble to a rule and the staff commentary?
2. What is the difference between a final rule and an interim final rule?
3. What is a self-effectuating law?
4. Where are federal regulations codified?

5. Besides the rules and regulations, what other kinds of guidance are available? What are the purposes for these other kinds of guidance?

CHAPTER 1, SECTION 2 - THE FEDERAL CREDIT UNION ACT AND THE NCUA

1. What are the three major titles of the Federal Credit Union (FCU) Act?
2. What is the purpose of the NCUA Board? What are some of its duties? What is its role in reviewing credit union charters?
3. From where does NCUA get its authority?

4. How many regional offices does NCUA have? What are their duties?
5. How does the National Credit Union Share Insurance Fund (NCUSIF) remain funded?
6. What are the different offices (e.g., Office of Consumer Financial Protection, Office of Credit Union Resources and Expansion, etc.) within NCUA? What do they do or when would a credit union need to contact one of these offices?

CHAPTER 1, SECTION 3 – THE CONSUMER FINANCIAL PROTECTION BUREAU

1. Does the CFPB have examination authority over all credit unions? What determines whether the CFPB has supervisory and examination authority over a credit union?

2. Are credit unions subject to the CFPB's Regulation DD? If not, is there a similar regulation that credit unions may be subject to?
3. How do the CFPB's authority and objectives impact credit unions?

CHAPTER 1, SECTION 4 – NCUA SUPERVISION AND EXAMINATION

1. How does NCUA's examination program differ from an audit?
2. What are the seven types of risk that NCUA examines for?

3. What are the various administrative tools available to NCUA, when may they be utilized, and what is the severity of each?
4. What are the six components that make up the CAMELS system?
5. In what format can credit unions file quarterly call reports and profile data with NCUA?
6. What is the difference between NCUA's and the CFPB's authority when it comes to examining credit unions?

CHAPTER 1, SECTION 5 – FEDERAL CREDIT UNION GOVERNANCE

1. What are the benefits of credit union membership?

2. Can credit unions provide health insurance to directors during their time on the board?
3. What is the basic structure of a federal credit union's board of directors? How often must they meet?
4. What are the main responsibilities of the Supervisory Committee?
5. Which reasonable expenses can a director submit for reimbursement?
6. Are credit unions required to fully adopt the standard bylaws each time NCUA provides updates? Can credit unions keep their own version?

7. What is the annual meeting process, including the notice requirements? How many members must be present to have a quorum?
8. What are the eligibility requirements to run for the board?
9. What are the responsibilities of the board of directors?
10. Study the various duties of the board officers. Who elects them? Who presides over board meetings?
11. What is the special meeting process, including who may call a special meeting and notice and quorum requirements?

12. Can board members be compensated for their duties? How many directors can be compensated?

CHAPTER 1, SECTION 6 - FEDERAL CREDIT UNION POWERS AND LIMITATIONS

1. How do NCUA's lending regulations interact with state law?
2. Understand the types of state laws that are preempted by NCUA's regulations. State laws that cap which types of fees would be preempted?
3. What is the difference between a nonparticipation policy and a limitation of services policy? What are the requirements of each? Which one can be used against a member who has caused the credit union a loss?

4. How does a credit union *impress* its statutory lien?
5. How does a credit union *enforce* its statutory lien? How is this different for credit cards?
6. Review the express and incidental powers of credit unions. Be prepared to know what types of activities fall under each preapproved incidental power.
7. What is the three-prong test for incidental powers?

8. What is the process for expelling a member (before NCUA's implementation of CUGMA), including the special meeting and voting processes?
9. What are the two fundamental rights for credit union members?

CHAPTER 1, SECTION 7 – FIELD OF MEMBERSHIP FOR FEDERAL CREDIT UNIONS

1. Can a nonmember be a co-borrower? Guarantor? Cosigner?
2. Where is the best place to look for the credit union's field of membership?

3. How can a business or organization qualify for membership?
4. What does the “once a member, always a member” credo mean?
5. When may a federal credit union accept nonmember deposits?
6. Can federal credit unions use advertisements that indicate membership in a federal credit union is “open to anyone?”
7. What does the phrase “organization of such persons” mean? Do all the individuals need to be within the field of membership or only a majority?

8. Must a joint owner on a share account be a member?

9. Which “other persons” may be eligible for membership and join the credit union?

CHAPTER 2, SECTION 2 – SHARE INSURANCE

1. What is the current standard maximum share insurance amount (SMSIA) level?

2. What are the different types of accounts for share insurance coverage purposes? Can an account be more than one type of account?

3. What are the main aspects of a joint account? How does each joint owner receive share insurance coverage?
4. When is an account considered a revocable trust?
5. What are the main aspects of a joint account? How does each joint owner receive share insurance coverage?
6. How is insurance coverage determined for a revocable trust? A joint revocable trust?
Note: Complex revocable trusts will not be tested.

10. How long does share insurance coverage apply after the death of a member?

CHAPTER 3, SECTION 1 - NCUA LENDING REQUIREMENTS

1. What are the various maturity limitations found in NCUA's lending regulations?
2. Do NCUA's lending regulations address loan incentive programs? If so, what are the limitations of such programs?
3. Must FCU staff, management and officials receive the same loan rates, terms and conditions as all other members? Can FCUs offer preferential loan terms to employees like the Chief Operating Officer?
4. Describe how federal credit unions may interact with nonmembers in the lending context.

5. What is a member business loan? Are there exceptions to the definition? What kinds of loans are there exceptions for in the definition?
6. What are the “concentration limits” in NCUA’s lending rules?
7. How do the NCUA lending regulations limit loans and loan-related compensation to a credit union’s board of directors and other officials? When is board approval required for loans made to credit union officials?
8. Who is considered an official under NCUA’s rule?

9. What measures must a credit union take when making loans to credit union officials (directors, supervisory committee member, etc.)?

EXAM 2 – ACCOUNTS

CHAPTER 2, SECTION 1 – REGULATION E

1. Regulation E does not cover all types of accounts offered by credit unions. What types of accounts are covered, and what accounts are not?
2. What types of transactions are covered transfers, meaning electronic fund transfers (EFTs)? What kinds of transfers are not EFTs? In addition to reviewing the list of examples, understand the reasons why certain transactions are covered and why others are not.
3. What is the timing requirement for sending periodic statements? Is there a difference in timing depending on whether an EFT occurred or not? If so, what is the difference?

4. What triggers a change in terms notification? If you must send one, what is the timing requirement? What are some of the ways a credit union may provide this notice?
5. How does Regulation E define an unauthorized electronic funds transfer? Which transactions are not considered unauthorized transfers?
6. What are the different liability levels for unauthorized transfers? For each, when does the member need to provide notice and how much is the member liable for?
7. What are the timelines the credit union has for completing its investigation? What notice is the credit union required to provide after it completes its investigation?

8. Can credit unions require members to repay a loan via an EFT in order to be approved for the loan? What can the credit union offer to incentivize its members that agree to repay using EFTs?
9. What types of transactions are covered by the Regulation E opt-in rule for overdrafts? What types of overdraft services are not included?
10. What are the requirements for allowing members to opt in for overdraft protection? How long is an opt-in valid for? What is the process for revocation?
11. Can credit unions offer different account terms or features to members who do not opt-in to overdraft protection? Can credit unions condition other overdraft services on the member's decision to opt-in?

12. What types of accounts are covered by Regulation E's prepaid accounts rules?

13. What are the disclosure requirements for prepaid accounts?

14. What are the error resolution procedures for prepaid accounts? How are they different from the regular Reg E error resolution procedures?

15. What is a remittance transfer?

16. How are the disclosure and error resolution procedures different for remittance transfers?

CHAPTER 2, SECTION 3 – REGULATION CC

1. What are the funds availability rules? Expect to apply the rules to different fact pattern situations.
2. When are funds considered deposited? Does anything change based on how something is deposited (i.e., by mail, lockbox, branch)?
3. What are the permissible cutoff times for the receipt of deposits? Do these timeframes change based on where an item is deposited?
4. How does Regulation CC address indemnity for remotely deposited checks? When might a credit union need to indemnify another financial institution when a check is deposited both by remote deposit capture (RDC) and as a paper check? Note: There is no need to memorize specific indorsement language.

5. What is the various check exception holds? What circumstances may they be invoked? When may a credit union invoke the exception for reasonable cause to doubt collectability and how long may a hold last?

6. What are the funds availability disclosure requirements (specific policy disclosures, initial disclosures and additional disclosures)? What is required to be preprinted on deposit slips versus lobby notices?

7. Where must a credit union post its funds availability policy?

CHAPTER 2, SECTION 4 - TRUTH IN SAVINGS

1. What types of accounts are covered by NCUA's Truth in Savings rule?

2. Credit unions can call accounts by certain names. What are the permissible names? What are the prohibited names?
3. What is an advertisement? What types of advertisements are exempt from some of the advertising rules?
4. What terms in an advertisement would trigger additional disclosures? What are the additional disclosures that must be included in the advertisement?
5. Does Truth in Savings require a periodic statement? If not, what regulation might?

6. Which fees must be disclosed? Are some fees outside of the regulation's control?

7. What triggers a change in terms notification? If you must send one, what is the timing requirement? What are some of the ways a credit union may provide this notice?

8. How must fees be disclosed on periodic statements? Are any fees exempt from this requirement? If so, which fees? What about overdraft protection fees?

9. What terms must be disclosed in the account opening disclosures?

10. Are overdraft programs subject to enhanced advertising requirements? If so, what are the requirements?
11. Under which circumstances must a credit union provide account disclosures? Consider both initial and subsequent disclosures.
12. When can credit unions advertise that an account is “free?”

CHAPTER 2, SECTION 5 – E-SIGN ACT

1. Credit unions can retain records in electronic format to satisfy federal record retention requirements if what conditions are met?

2. What are the requirements of the consent process? When should new consent be obtained?
3. Does consent or confirmation have to be provided electronically?
4. Does consent apply to one category of records or to all records or disclosures?
5. What are some potential consequences of improper E-SIGN consent?

CHAPTER 4, SECTION 2 – PRIVACY OF MEMBER INFORMATION

Privacy

1. Which law is implemented by Regulation P? What federal agency has rulemaking authority regarding Regulation P?
2. What kind of information is protected by Regulation P?
3. What is the difference between customers and consumers? Which group receives notices and an opportunity to opt out under Regulation P?

4. When is an initial privacy notice required?
5. When is an annual notice not required?
6. When are revised notices required?
7. How can a credit union deliver notices under the privacy rule?

8. What are the exceptions for sharing information without following the notice and opt-out rule? To take advantage of the service provider and joint marketing exception, does the credit union have to do anything regarding third parties?
9. When is the credit union required to provide an opt-out notice?
10. Can credit unions share account numbers with nonaffiliated third parties for the purpose of marketing?

Affiliate Marketing

1. What kind of information sharing is governed by the Affiliate Marketing Rule?

2. What does the Affiliate Marketing Rule require credit unions to do in order to participate in the information sharing that is covered by the rule?

3. What is an affiliate?

4. What are the rules surrounding a member's ability to opt out? Can it expire? Can it be revoked?

CAN-SPAM

1. What is CAN-SPAM?

2. What is the difference between commercial content and transactional or relationship content? Are transactional/relationship emails subject to all of CAN-SPAM's restrictions?

3. If an email falls into the commercial content category, what are the restrictions on the message?

Right to Financial Privacy Act

1. Does the Right to Financial Privacy Act address federal and state government requests?

2. What does the Right to Financial Privacy Act require the government to have and do to request financial records?

3. What is the importance of receiving a certificate of compliance?

4. When is the government not required to provide a certificate of compliance?

EXAM 3 – LENDING

Remember Regulation Z covers numerous areas. If it is not discussed in a section, it will not be on the test.

Regulation Z Basics

CHAPTER 3, SECTION 2

1. What types of credit products are covered under Regulation Z? What types of credit products are excluded?
2. Regulation Z covers both open-end and closed-end credit. What are the definitions of each?
3. What is a “dwelling?”

CHAPTER 3, SECTION 3

1. Are there differences in the account opening disclosures for HELOCs and other open-end credit? When must the disclosures be provided?
2. What disclosures are required when advertising a promotional APR?
3. What are the change-in-terms requirements for open-end credit? Are the rules the same for all open-end products? If not, what are the differences?
4. What are the periodic statement requirements for the different open-end credit products? What are the timing requirements for providing each statement?

5. When are additional disclosures required for open-end credit advertising? Are there any exceptions?
6. What are the special rules applicable to HELOCs?
7. Do all open-end credit products have application disclosure requirements? If not, which ones do?
8. What are the special advertising rules applicable to HELOCs?

CHAPTER 3, SECTION 5

1. What are the disclosure requirements for private education loans? When can a member cancel the loan?
2. What are the post consummation disclosure requirements for modifications and refinances of closed-end credit?
3. What are the trigger terms for closed-end credit advertising? What are the disclosure requirements when stating a trigger term?

CHAPTER 3, SECTION 4 – REGULATION Z – SPECIAL CREDIT CARD RULES

1. What are the exceptions that allow a credit union to increase the APR and fees on a credit card account?

2. When must a credit union reevaluate a credit card APR that has been increased? When does the obligation to reevaluate terminate?
3. Describe the de minimis exception to the rules for submitting credit card agreements to the CFPB. When is the measuring date?
4. What are the fee limitations during the first year after a credit card account is opened? Which exception to the limitation on increasing the APR cannot be used during the first year?
5. When must a credit union consider a member's ability to pay? How is the analysis different for members under 21?

6. What are the limitations on penalty fees?

CHAPTER 3, SECTION 6 – SPECIAL MORTGAGE RULES – MORTGAGE ORIGINATION RULES UNDER RESPA AND REGULATION B

1. What loans are subject to RESPA?
2. Which loans are generally subject to RESPA, but not the disclosure requirements?
3. When can Regulation Z application disclosures be used instead of the GFE?

4. What is RESPA's kickbacks rule?

CHAPTER 3, SECTION 7 – SPECIAL MORTGAGE RULES – TILA/RESPA INTEGRATED DISCLOSURES

1. How is "application" defined? How does having a completed application impact the delivery requirements for the Loan Estimate?
2. "Business day" is defined in two different ways. What are the two definitions?
3. What are the timing requirements for delivering the Loan Estimate? When does the credit union need to send it? When is the disclosure considered received?

4. What are the timing requirements for delivering the Closing Disclosure? When does the member need to receive the disclosure?
5. What are the restrictions on activities that a credit union may not take before the borrower receives the Loan Estimate and indicates an intent to proceed with the loan?
6. What does it mean to provide the disclosures in the Loan Estimate in good faith?
7. What are the different tolerance levels for mortgage related services? Which costs does each level apply to?

8. What tolerance applies if the member is permitted to shop for a mortgage related service?
What tolerance applies to a mortgage related service if the member **is not** permitted to shop?

9. If the credit union allows a member to shop for a particular mortgage related service, what impact does that have on the tolerance that applies? What tolerance applies if the member can shop and chooses a provider that is not on the written list of service providers?

10. In what kinds of circumstances may a credit union issue a revised Loan Estimate and use those costs instead of the original Loan Estimate to determine whether costs charged to the borrower are in good faith?

CHAPTER 3, SECTION 8 – SPECIAL MORTGAGE RULES – MORTGAGE ORIGINATOR CONSUMER PROTECTIONS UNDER REGULATION Z

1. What types of loans are covered under the ATR-QM rule? Why is a QM significant?

2. What is a reasonable source to verify a consumer's ability to repay?
3. What factors must the credit union consider under the ATR rule when underwriting mortgage loans?
4. What are the types of qualified mortgages? What features make each QM different?
5. What are the record retention requirements for the ATR-QM rule, meaning how long do records demonstrating compliance need to be kept?
6. What loan terms can disqualify a mortgage from being a general definition QM?

7. What kinds of mortgages does the loan originator compensation rule apply to?
8. In what ways does Regulation Z limit a loan originator's compensation? What is permitted and what is prohibited?
9. What disclosures are required under the loan originator rule and on what documents?

CHAPTER 3, SECTION 10 - LENDING TO SERVICEMEMBERS: MLA & SCRA

1. Which types of loans are covered under the MLA?
2. Which charges and fees are included in the MAPR? How is the MAPR disclosed?

3. What are the MLA disclosure requirements? Specifically, which MLA disclosures must be written and which disclosures must be given orally?
4. What is a covered borrower under the MLA? Is there a difference between who can be a covered borrower under the MLA and which servicemembers receive protection under the SCRA?
5. How can a credit union determine someone's MLA covered borrower status in a legally conclusive way to benefit from the rule's safe harbor?
6. What is the SCRA's interest rate cap? When does the credit union have to apply the cap? Are late fees included in the calculation of the interest rate cap? Can the credit union collect this foregone interest at a later time? Are there potential differences in treatment between open-end and closed-end credit?

7. How does the SCRA interest rate cap apply for credit card accounts?

8. What are the SCRA's limitations on repossessing vehicles and mortgage foreclosures?

CHAPTER 3, SECTION 11 – FAIR LENDING AND REGULATION B

1. Review the nondiscrimination in real estate advertising requirements. What are the disclosure requirements for various types of advertisements: print, oral/radio, and video (TV, YouTube, etc.)?

2. During which part of the lending process must credit unions treat all applicants in the same manner?

3. What are the three different types of lending discrimination? In what types of situations could each occur?
4. What is a "prohibited basis?" Do protected classes differ under different laws?
5. What types of actions are considered adverse actions under Regulation B? What actions are not adverse?
6. What are a credit union's options for responding to an incomplete application?
7. What is the timeframe for sending an adverse action notice? If the credit union makes a counteroffer, what options does it have for providing an adverse action notice?

8. How do the adverse action and risk-based pricing rules interact with the Fair Credit Reporting Act's requirements?

CHAPTER 3, SECTION 12 – THE FAIR CREDIT REPORTING ACT

1. Credit unions must have a "permissible purpose" to obtain a consumer report. What are the permissible purposes?

2. What must a credit union do in order to obtain and use a prescreened list? Under what circumstances may a credit union refuse to grant credit to someone on the list?

3. When is a risk-based pricing notice required and how is it different from an adverse action notice? What must be included in the risk-based pricing notice? Are there any exceptions to the risk-based pricing notice requirement?

4. What must a credit union do when it receives a direct dispute from a member?
5. When is a negative information notice required?
6. When is an adverse action notice required under the FCRA?

EXAM 4 – OPERATIONS

CHAPTER 3, SECTION 9 – SPECIAL MORTGAGE RULES – MORTGAGE SERVICING

1. How long do mortgage servicers have to make contact with delinquent members?
2. What are the requirements for credit unions to use coupon books instead of periodic statements?
3. Are there any types of loans exempt from the periodic statement requirement? If so, what types of loans are exempt?
4. What is the timing of the notice requirements for force-placed insurance?

5. When is a credit union considered a “small servicer?” What are some of the provisions that would still apply to “small servicers?” What are some provisions that do NOT apply to “small servicers?”
6. What is an error for the purposes of the error resolution rule?
7. What is the difference between an information request and an error notice?
8. What is a periodic payment? How must servicers handle these payments?

9. How are partial payments treated? Can the credit union charge a late payment fee for a partial payment?
10. What constitutes prohibited pyramiding of late fees?
11. What is dual tracking under the loss mitigation rule? How can credit unions avoid this?
12. How do Regulations X and Regulation Z determine which persons might be successors in interest that are covered by some of the mortgage servicing rules?

13. How should a credit union treat a shortage in an escrow account? How should a credit union treat a deficiency in an escrow account?

CHAPTER 3, SECTION 13 – LOANS IN FLOOD HAZARD AREAS

1. What is considered a “designated loan?” What are the exceptions?
2. Under what circumstances is a credit union required to escrow for flood insurance premiums and fees?
3. Under which circumstances is a credit union required to provide the flood notice to borrowers? Be familiar with the exceptions.

4. When may a credit union rely on a past Standard Flood Hazard Determination form?

CHAPTER 4, SECTION 1 – THE BANK SECRECY ACT AND OFAC

1. What steps should a credit union's BSA risk assessment follow?
2. What are the five pillars of a credit union BSA compliance program? What are the components or requirements of each pillar?
3. What is the difference between acceptable identification documents for customers and for beneficial owners?

4. What minimum pieces of identifying information must be collected for CIP purposes?
5. What are the reporting and timing requirements for CTRs? When are transactions aggregated together?
6. What are the dollar thresholds and timing requirements for filing SARs?
7. Explain the requirement to notify the board of directors of a SAR filing. Must the credit union provide a copy of the SAR to its board?

8. What is the difference between the purpose of 314(a) and 314(b) information sharing? What must a credit union do when it receives a 314(a) request? What does a credit union have to do to share under 314(b)?

9. How should a credit union verify the identity of a consumer during a sale of monetary instruments? Does this change if the consumer is a non-member?

10. What are the record retention requirements for BSA-related documents?

11. What does a risk-based OFAC program look like in general terms? Must it apply to both members and nonmembers?

12. What are the three main OFAC regulatory requirements? How do they differ from NCUA expectations?

CHAPTER 4, SECTION 3 – INFORMATION AND DATA SECURITY

1. What must be addressed in the written information security program? When must it be updated?
2. What does NCUA require from credit unions in the event of a catastrophic act?
3. How should a credit union certify compliance with NCUA's security program requirements?

4. What is the role of the credit union's board in the information security program? What is their role with regard to IT oversight?
5. What must be addressed in the response program for unauthorized access to member information? When does the response program apply? Is member notice required? If so, what must be included in the notice?
6. Are IT audits required? What is necessary for an IT audit to be valid?
7. What is the structure and purpose of the FFIEC Cybersecurity Assessment Tool?

CHAPTER 4, SECTION 4 - VENDOR MANAGEMENT

1. How does the criticality of a third-party relationship affect the level of oversight required for the vendor?
2. What due diligence practices are recommended by NCUA regarding a potential vendor?
3. Do vendor relationships alleviate a credit union's liability when there is a member complaint or compliance violation? Is this still true if the credit union includes certain contractual provisions?
4. Should vendor contracts be reviewed by anyone in particular before a credit union enters into a contractual agreement with a third party?

5. What due diligence areas does the FFIEC indicate are important to cover for technology service providers?
6. When does the vendor management process end?

CHAPTER 4, SECTION 5 – THE TELEPHONE CONSUMER PROTECTION ACT

1. When is express written consent required prior to making a call? What type of calls? What type of equipment?
2. What does “express written consent” mean?

3. How do the requirements change when a credit union uses an autodialer or prerecorded message?
4. What are the requirements with respect to a credit union's company-specific do-not-call registry?
5. What are the restrictions on telephone solicitations? Under what circumstances is a credit union shielded from liability for making solicitations to someone on the national do-not-call database?

EXAM 1 SAMPLE QUESTIONS

1. Which of the following statements is true about the board of directors?

- a. Only the treasurer of the board may be compensated for serving on the board of directors.
- b. Credit unions may not compensate any board of directors unless they also serve on the supervisory committee.
- c. The board must meet at least once a quarter and each meeting must be held in person.
- d. The board is tasked with the general direction and control of the credit union.

2. Which statement best describes the type of healthcare insurance a federal credit union may provide to its officials? Choose the best answer.

- a. The credit union may provide healthcare coverage to its officials and does not need to limit it to risks associated with the officials' credit union activities.
- b. The credit union may provide healthcare coverage to its officials but must limit healthcare coverage to risks associated with the officials' credit union activities.
- c. The credit union may provide healthcare coverage to its officials and does not need to limit it to risks associated with the officials' credit union activities. However, coverage must cease immediately when an official leaves office.
- d. If a director already receives insurance without out-of-pocket expenses, the credit union may provide payment to the director for the benefit's value.

3. The CFPB's regulations only apply to credit unions with more than \$10 billion in assets.

- a. True, credit unions under \$10 billion in assets only have to comply with NCUA rules and regulations.
- b. True, the Dodd-Frank Act specifies that the CFPB was created to regulate larger institutions only since small and medium sized credit unions are regulated by the NCUA.
- c. False, credit unions must comply with certain CFPB rules regardless of asset size.
- d. False, only credit unions over \$1 billion must comply with CFPB regulations.

4. Which of the following statements is not true about NCUA's examination program?

- a. NCUA's examination program is risk-focused, with attention on areas showing weaknesses and adverse trends.
- b. NCUA's examination approach is to compare performance against predetermined benchmarks.
- c. Each examination must include a review of the credit union's compliance with the Bank Secrecy Act.
- d. NCUA derives its supervisory authority from the Federal Credit Union Act.

5. If a member repays a loan prior to its maturity, can a federal credit union recoup waived fees and costs that were provided to a member when the loan was granted? Choose the best answer.

- a. No, the Federal Credit Union Act prohibits a federal credit union from charging a prepayment penalty on a loan.
- b. No, the credit union's waiver of fees and costs cannot be conditional.
- c. Yes, waived fees and costs are exempt from the statutory ban on prepayment penalties.
- d. Yes, waived fees and costs are a benefit to the member and the credit union's recoupment of those fees and costs means that the member has lost the benefit.

EXAM 2 SAMPLE QUESTIONS

1. The term “electronic funds transfer” is limited to transactions conducted using an ATM or debit card. The term does not cover ACH transfers.
 - a. True, Regulation E’s definition of EFTs explicitly excludes ACH transfers.
 - b. True, ACH transfers are only covered by the remittance transfer rule.
 - c. False, ACH transfers are covered by Regulation E.
 - d. False, EFTs cover ACH transfers and debit card transactions but not transactions made by an ATM card as these are not branded network cards.

2. Joan Member instructs XYZ Credit Union that she wants to opt out of any sharing of her nonpublic personal information. Assuming this is information sharing the member can opt-out of under Regulation P, XYZ Credit Union must:
 - a. Stop disclosing that information as soon as reasonably practicable.
 - b. Stop disclosing that information only if Joan Member’s instruction came after XYZ Credit Union provided an opportunity for her to opt out.
 - c. Do nothing; the member agreed to disclosure when he or she opened her account.
 - d. Do nothing; the member can only opt out at account opening.

3. Dallas Credit Union began offering wire transfers to its members for the first time in 2020. The service was so popular that year that the credit union facilitated over 1,000 wires for their members from Texas to Europe and Mexico. Which statement is the most accurate?
 - a. Only those wire transfers that are sent to individuals in Europe and Mexico count toward the remittance transfer threshold. Transfers sent to businesses do not count.
 - b. Dallas Credit Union has exceeded the safe harbor threshold and is now a remittance transfer provider.
 - c. Dallas Credit Union is not authorized to send wires to other countries without providing the remittance transfer disclosures.
 - d. Dallas Credit Union is not a remittance transfer provider until it provides over 500 remittance transfers in 2021.

4. Truth in Savings requires credit unions to provide periodic statements.

- a. True, credit unions must provide a periodic statement for every account covered by Truth in Savings.
- b. False, credit unions are not required to provide periodic statements but if they do so, then they must follow the disclosure requirements in Truth in Savings.

5. Jack Member mails his annual bonus check from the city to the credit union for deposit on Monday. The check arrives in the mailroom on Tuesday, but the check is not sent to the credit union's check processing department until Thursday. The check is considered deposited on:

- a. Tuesday, the day the credit union received the check.
- b. Wednesday, the business day after the banking day in which the credit union received the check.
- c. Thursday, the day the check is received and processed by the credit union's check processing department since it is a local government check.
- d. Friday, the business day after the banking day in which the credit union's check processing center received the check.

EXAM 3 SAMPLE QUESTIONS

1. If the credit union modifies a closed-end loan or changes the terms of an open-end loan, it is required to provide the member with a new, complete set of account opening disclosures.
 - a. True, but only if the member requests new disclosures.
 - b. True, new disclosures are always required when making any changes to closed-end and open-end loans.
 - c. False, new disclosures are only required for refinances of closed-end loans.
 - d. False, new disclosures are only required for changes made to an open-end loan but not to a closed-end loan.

2. Which of the following statements of lending to servicemembers is false? Choose the best answer.
 - a. The Servicemembers Civil Relief Act (SCRA) interest rate cap only applies to loans entered into prior to military service.
 - b. According to the SCRA, the credit union must reduce a service member's interest rate to 8%.
 - c. The Military APR (MAPR) is always disclosed as a numerical value.
 - d. a and b.
 - e. b and c.

3. Which of the following types of employment information may not be considered under the ability to repay rule:
 - a. Part-time.
 - b. Seasonal.
 - c. Irregular (bonus).
 - d. a and b only.
 - e. None of the above.

- 4. Which of the following accurately describes the payment allocation requirements for credit card payments in excess of the minimum payment?**
- a. The excess is applied first to any protected balance, then to the balance with the highest APR.
 - b. The excess is applied to the balance with the highest APR.
 - c. The excess is applied to the balance with the lowest APR.
 - d. Credit unions may apply the excess to any balance in accordance with the credit card agreement.
- 5. If a credit union terminates a member's credit account, the credit union must send the member a written adverse action notice. What information is required in the notice?**
Choose the best answer.
- a. A statement that the adverse action was based on the credit union's internal standards or policies.
 - b. A statement explaining how the federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants.
 - c. A statement of the action taken.
 - d. b and c only.
 - e. All of the above.

EXAM 4 SAMPLE QUESTIONS

1. Which of the below requests is actually an “error” under Regulation X’s error resolution rule? **Choose the best answer.**
 - a. Member writes asking why the credit union rejected the member’s payment as missing information when the check has all the information required.
 - b. Member writes asking why the credit union failed to pay the property taxes on the house by the deadline.
 - c. Member writes asking why he was charged a late fee when the payment was tendered during the grace period.
 - d. a, b and c.
 - e. None of the above.

2. Which of the following best describes how a credit union’s written security program must be designed?
 - a. Each credit union must design its security program to address a variety of risks based on the credit union’s own unique facts and circumstances.
 - b. NCUA provides a model policy that all credit unions must adopt with few changes.
 - c. Credit unions must hire an independent third-party to design their security program.
 - d. Each credit union must design a security program to address every possible scenario which could occur.

3. The TCPA imposes which of the following requirements?
 - a. A credit union must obtain prior express written consent before it may send a marketing text message to a cell phone using an autodialer.
 - b. Consumers must revoke consent to receive telemarketing messages via electronic means.
 - c. Telemarketing solicitations must not be made before 8 a.m. or after 9 p.m.
 - d. a and c only.
 - e. a, b and c.

- 4. A credit union must escrow all premiums and fees for flood insurance when making a loan secured by a building located in a special flood hazard area in which flood insurance is available under which circumstances:**
- a. The loan is primarily for business, commercial or agricultural purposes.
 - b. The loan is a HELOC.
 - c. The loan is a home equity loan, and the member does not have outstanding flood insurance coverage through a first mortgage.
 - d. The loan has a term of less than 12 months.
 - e. None of the above.
- 5. NCUA has indicated that once the credit union writes its BSA risk assessment, it is required to review the risk assessment annually even if there are no changes.**
- a. True, it is a regulatory requirement that the credit union review its BSA risk assessment every 12 months.
 - b. True, it is a best practice that the risk assessment be updated only once every 12 months as changing the risk assessment more frequently is unsafe.
 - c. False, the credit union's BSA risk assessment is good for at least 18 months.
 - d. False, risk assessments should be an ongoing process and updated if changes are made that affect the credit union's risk profile.

ANSWER KEY

Exam 1

1. D
2. C
3. C
4. B
5. D

Exam 2

1. C
2. A
3. C
4. B
5. A

Exam 3

1. C
2. E
3. E
4. B
5. D

Exam 4

1. D
2. A
3. D
4. C
5. D