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|  <b>Office of Credit Unions</b><br><b>Policies and Procedures</b> | <b>POLICY NUMBER</b>  |
|  | <b>10600</b>          |
| <b>EXAMINATION</b>   | <b>EFFECTIVE DATE</b> |
|  | <b>03/21/2024</b>     |
| <b>SUBJECT</b>   | <b>REVISION DATE</b>  |
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## I. PURPOSE

Examiners must assess the regulatory complexity and management’s oversight of consumer compliance. The Federal Financial Institutions Examinations Council’s (FFIEC) Uniform Interagency Consumer Compliance (CC) Rating System provides an evaluation framework for compliance with federal consumer protection laws and regulations. Examiners should consider industry accepted compliance standard practices and guidelines and their integration within an institution’s operations and environment. Without appropriate compliance controls and oversight, the likelihood for consumer harm increases, which in return, elevates reputation risk and the potential of liability. Since compliance is integrated throughout an institution’s operations, numerous inherent safety and soundness risks may exist which impact institutions.

## II. BACKGROUND


Consumer compliance involves ensuring the overall framework for product design, delivery, and administration meet regulatory requirements, and mitigate risk exposure. Furthermore, it is expected institutions effectively manage their third-party relationships, to monitor and manage any resulting consumer compliance risk exposure affecting the credit union. Protection of consumers is essential in establishing and maintaining trust between an institution and consumers, and in preserving the integrity of the industry and individual credit union safety and soundness.

The primary purpose of the CC Rating System is to ensure regulated financial institutions are evaluated in a comprehensive and consistent manner, and supervisory resources are appropriately focused on areas exhibiting risk of consumer harm and/or on institutions with elevated risks warranting additional supervisory attention.

The FFIEC CC Rating System is organized under three broad categories:

- Board and management oversight,
- Compliance Program, and
- Violations of Law and Consumer Harm.

The CC Rating System emphasizes the importance of an institution’s compliance management system, with emphasis on compliance risk management practices

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designed to manage consumer compliance risk, support compliance, and prevent consumer harm.

### III. MINIMUM PROCEDURES

Examiners are responsible for risk-scoping and reviewing important operational aspects of an institution, including consumer compliance. Examiners will complete a risk-focused follow-up review of consumer compliance in conjunction with each safety and soundness examination unless a full consumer compliance (CC) review is being performed concurrently. Bank Secrecy Act (BSA) reviews will still be completed as an ordinary part of any safety and soundness examination.

At minimum, supervisors should ensure a full consumer compliance examination, including the issuance of full CC ratings, is performed at least once every 36 months at institutions in excess of \$500 million in assets and for any institution where a high degree of elevated compliance risk is identified. Departures from this scheduling require supervisory request to and approval from the Assistant Director. Examiners will also review the prior CC examination results and assess the status of corrective action. Examiners who identify significant CC deficiencies should notify their supervisor immediately so additional examination resources can be allocated. Consumer compliance examinations will use the FFIEC’s guidance as the framework to complete reviews but may expand one or multiple review areas as deemed necessary.

### IV. PRIMARY REFERENCES / RELATED REGULATIONS

#### 1. Michigan Regulations and Guidance:

- [2003 PA215 - Michigan Credit Union Act](#)
- [Electronic Funds Transfer Act](#)
- [Motor Vehicle Sales Finance Act](#)
- [Guaranteed Asset Protection Waiver Act](#)
- [Michigan Consumer Protection Act](#)
- [Criminal Usury Act 259 of 1968](#)
- [Financial Exploitation Prevention Act](#)
- [Letters and Bulletins](#)

#### 2. Federal Regulations:

- [Servicemembers Civil Relief Act](#)

**EXAMINATION**


SUBJECT

**Consumer Compliance**

- [Military Lending Act](#)
- [Flood Disaster Protection Act](#)
- [NCUA Rules and Regulations Part 740 – Accuracy of Advertising](#)
- [NCUA Rules and Regulations Part 748 – Security Program](#)
- [Bank Secrecy Act et al](#)
- [Holder in Due Course Rule](#)
- [Gramm Leach Bliley Act](#)
- [Right to Financial Privacy Act](#)
- [Fair Housing Act](#)
- [Homeowners Protection Act](#)
- [Children’s Online Privacy Protection Act](#)
- [Reg B, Part 1002 – Equal Credit Opportunity Act](#)
- [Reg C, Part 1003 – Home Mortgage Disclosure](#)
- [Reg D, Part 204 – Reserve Requirements of Depository Institutions](#)
- [Reg E, Part 1005 – Electronic Funds Transfers](#)
- [Reg F, Part 1006 – Fair Debt Collection Practices](#)
- [Reg G, Part 1007 – S.A.F.E. Mortgage Licensing Act – Federal Registration of Residential Mortgage Loan Originators](#)
- [Reg H, Part 1008 – S.A.F.E. Mortgage Licensing Act – State Compliance and Bureau Registration System](#)
- [Reg M, Part 1013 – Consumer Leasing](#)
- [Reg N, Part 1014 – Mortgage Acts and Practices - Advertising](#)
- [Reg O, Part 1015 – Mortgage Assistance Relief Services](#)
- [Reg P, Part 1016 – Privacy of Consumer Financial Information](#)
- [Reg V, Part 1022 – Fair Credit Reporting Act](#)
- [Reg X, Part 1024 – Real Estate Settlement Procedures Act](#)
- [Reg Z, Part 1026 – Truth in Lending](#)
- [Reg AA, Part 227 – Unfair or Deceptive Acts or Practices](#)
- [Reg CC, Part 229 – Availability of Funds and Collection of Checks](#)
- [Reg DD, Part 1030 – Truth in Savings](#)
- [Reg GG, Part 233 – Prohibition on Funding of Unlawful Internet Gambling](#)
- [Reg II, Part 235 – Debit Card Interchange Fees and Routing](#)

3. General Industry References

- [CFPB: Compliance management review examination procedures](#)
- [CFPB: Data and Research](#)
- [FDIC: Bank Examinations](#)
- [OCC](#)

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- [NCUA](#)
- [CSBS](#)

**V. ATTACHMENTS / FORMS**

- [Basic CC Review Guide](#)
- [FFIEC Guidance on the Uniform Interagency Consumer Compliance Rating System](#) (includes ratings definitions)