

DATE: February 8, 2021
BULLETIN: 2021-KDCU-CUB-3
TO: Kansas Chartered Credit Unions
SUBJECT: Questions from the “Virtual Road”

QUESTIONS FROM THE “VIRTUAL ROAD”

KDCU staff members often receive questions from credit union management for which the answers would benefit all Kansas credit unions. Below are some of those questions...

Q: I know we are required to notify the Board of SAR filings and I also know SAR’s are confidential. Is it okay to provide a copy of the SAR or detailed spreadsheet to the Board? It should be important for them to know about these members.

A: Absolutely not. Suspicious Activity Reports (SAR) are highly confidential. Disclosure of either preparation or filing is prohibited. The Board may be advised of the number of SAR filings, but cannot be provided personal information about the individuals. [31 USC §1020.320](#) provides information on reporting suspicious transactions. Intentional violations can result in civil and criminal penalties. On January 19, 2021, FinCEN issued a [guidance document](#) on suspicious activity reporting.

Q: Our credit union is trying to save money; is it okay to prepare our own disclosure documents?

A: While a credit union may view in-house document preparation as a way to reduce expenses, it must be done with extreme caution. Many regulations, e.g., Truth in Savings, Truth in Lending, etc., have specific disclosure requirements. It would be highly recommended to have such disclosures reviewed by legal counsel to avoid monetary penalties for out-of-compliance disclosure documents.

Q: It is not our credit union’s ordinary practice to grant a business loan to a member. However, we did have a member apply for such a loan and we granted it. During a subsequent exam, we were written up for not having a specific policy. Isn’t a loan a loan?

A: No. Member Business Loans (and Commercial Loans) are different. These types of loans require, among other things, financial statements, cash flow analysis, monitoring of collateral and risk ratings. NCUA [Part §723](#) is the specific business loan regulation. This regulation spells out board and management responsibilities, as well as policy requirements.

NOTE: In accordance with Governor Laura Kelly’s [Executive Orders](#), KDCU Administrator Vickie Hurt continues to review the feasibility of resuming the on-site examination program. This is being done in coordination with the NCUA.