

§714.9

§714.9 Are indirect leasing arrangements subject to the purchase of eligible obligation limit set forth in §701.23 of this chapter?

Your indirect leasing arrangements are not subject to the eligible obligation limit if they satisfy the provisions of §701.23(b)(3)(iv) that require that you make the final underwriting decision and that the lease contract is assigned to you very soon after it is signed by the member and the dealer or leasing company.

§714.10 What other laws must you comply with when engaged in leasing?

You must comply with the Consumer Leasing Act, 15 U.S.C. 1667–67f, and its implementing regulation, Regulation M, 12 CFR part 213. You must comply with state laws on consumer leasing, but only to the extent that the state leasing laws are consistent with the Consumer Leasing Act, 15 U.S.C. 1667e, or provide the member with greater protections or benefits than the Consumer Leasing Act. You are also subject to the lending rules set forth in §701.21 of this chapter, except as provided in §714.8 and §714.9 of this part. The lending rules in §701.21 address the preemption of other state and federal laws that impact on credit transactions.

PART 715—SUPERVISORY COMMITTEE AUDITS AND VERIFICATIONS

Sec.

- 715.1 Scope of this part.
- 715.2 Definitions used in this part.
- 715.3 General responsibilities of the Supervisory Committee.
- 715.4 Audit responsibility of the Supervisory Committee.
- 715.5 Audit of Federal Credit Unions.
- 715.6 Audit of Federally-insured State-chartered credit unions.
- 715.7 Supervisory Committee audit alternatives to a financial statement audit.
- 715.8 Requirements for verification of accounts and passbooks.
- 715.9 Assistance from outside, compensated person.
- 715.10 Audit report and working paper maintenance and access.
- 715.11 Sanctions for failure to comply with this part.

12 CFR Ch. VII (1–1–06 Edition)

715.12 Statutory audit remedies for Federal credit unions.

AUTHORITY: 12 U.S.C. 1761(b), 1761d, 1782(a)(6).

SOURCE: 64 FR 41035, July 29, 1999, unless otherwise noted.

§715.1 Scope of this part.

This part implements section 202(a)(6)(D) of the Federal Credit Union Act, 12 U.S.C. 1782(a)(6)(D), as added by section 201(a) of the Credit Union Membership Access Act, Pub. L. No. 105–219, 112 Stat. 918 (1998). This part prescribes the responsibilities of the Supervisory Committee to obtain an annual audit of the credit union according to its charter type and asset size, and to conduct a verification of members' accounts.

§715.2 Definitions used in this part.

As used in this part:

(a) *Balance sheet audit* refers to the examination of a credit union's assets, liabilities, and equity under generally accepted auditing standards (GAAS) by an independent public accountant for the purpose of opining on the fairness of the presentation on the balance sheet. Credit unions required to file call reports consistent with GAAP should ensure the audited balance sheet is likewise prepared on a GAAP basis. The opinion under this type of engagement would not address the fairness of the presentation of the credit union's income statement, statement of changes in equity (including comprehensive income), or statement of cash flows.

(b) *Compensated person* refers to any accounting/auditing professional, excluding a credit union employee, who is compensated for performing more than one supervisory committee audit and/or verification of members' accounts per calendar year.

(c) *Financial statements* refers to a presentation of financial data, including accompanying notes, derived from accounting records of the credit union, and intended to disclose a credit union's economic resources or obligations at a point in time, or the changes therein for a period of time, in conformity with GAAP, as defined herein, or regulatory accounting procedures. Each of the following is considered to