

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: April 2008 **LETTER NO.:** 08-CU-09
TO: Federally Insured Credit Unions
SUBJ: Evaluating Third Party Relationships Questionnaire
ENCL: (1) Third Party Relationships Questionnaire

Dear Board of Directors:

The purpose of this Letter is to provide Federally Insured Credit Unions with the new questionnaire NCUA field staff will use to complete the evaluation of credit union third party relationships. Enclosed with this Letter is a copy of the questionnaire.

NCUA issued Letter to Credit Unions 07-CU-13, Evaluating Third Party Relationships, in December 2007 and enclosed Supervisory Letter 07-01. Letter 07-CU-13 informed Federally Insured Credit Unions of the guidance provided to NCUA field staff regarding the evaluation of credit union third party relationships. This new questionnaire contains the three elements of an effective program as discussed in the enclosure to Letter 07-CU-13. The three elements are:

- Risk Assessment and Planning;
- Effective Due Diligence; and
- Risk Measurement, Monitoring, and Control.

Examiners will evaluate third party relationships based on the risk of each relationship and use the questionnaire to document the review.

If you have any questions or concerns, please contact your NCUA Regional Office or State Supervisory Authority.

Sincerely,

JoAnn M. Johnson
Chairman

Enclosure