



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

July 12, 1990

Mr. Scott W. Draughon  
Oklahoma Credit Union League Affiliates  
P. O. Box 702297  
Tulsa, Oklahoma 74170-2297

Re: Draft Record Retention and Preservation Report  
(Your June 6, 1990, Letter)

Dear Mr. Draughon:

At your request, we have reviewed a draft Record Retention and Preservation Report, prepared by Oklahoma Credit Union League Affiliates. We have reviewed the report for compliance only with Part 749 of NCUA's Rules and Regulations (12 C.F.R. Part 749), since the Federal Credit Union Act does not contain any substantive provisions on records preservation. Part 749 applies to all federally insured credit unions. We offer no opinion as to compliance with other federal or state laws, including those cited in your report.

The report is quite detailed and fairly comprehensive. Our specific comments and suggestions are set out below.

In the section of the report entitled "Board Action Required" you list three items to be included in the board of directors' formal policy. With regard to item 1 (adoption of a specific schedule for retention and destruction of records), we caution you that the storage schedule for federally-insured credit unions must meet the requirements of Section 749.1(c), which states:

Records must be stored every 3 months, within 30 days after the end of the 3 month period. Previously stored records may be destroyed when the current records are stored.

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You may wish to refer to Section 749.1 in the report.

As to item 3 (selection of an off-site location), such location must satisfy the definition of "vital records center" provided by Section 749.1(b), that is, "any location far enough from the credit union's office to avoid the simultaneous loss of both sets of records in the event of disaster." Again, you may wish to refer to the regulation.

We also suggest that you include in this section of the report a reference to the need to create and maintain a records preservation log as required by Section 749.1(d). The log must show "what records were stored, where the records were stored, when the records were stored, and who sent the records for storage."

2. You provide a "Sample Board Policy" on page 2 of the report. The second sentence of that paragraph states, "The treasurer/delegated representative is responsible for the ultimate destruction of records." We note that the treasurer or representative is also responsible for storage of the records (see Section 749.1), and suggest that you add the words "storage and" before the word "ultimate" in the second sentence.

3. On page 3 of the report, you note that Section 749.2 requires that certain vital records be stored. We wish to point out that the list in Section 749.2 is not an exhaustive one. Federally insured credit unions should store not only the minimum records required by the regulation, but any other records they anticipate that they will require in order to reconstruct their records in the event that the originals are destroyed.

4. We recommend that the "Records Retention Schedule" be revised to include the items listed in Section 749.2, using the exact wording that appears in that section. This will insure that there is no mistake about the exact description of the documents that the NCUA requires federally-insured credit unions to store.

5. It is unclear whether you contemplate storage of member account information while the account is active or only after it has been closed. We advise you to provide in the report that duplicate records be active, as well closed member ac-

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counts are to be stored. This policy is in keeping with the purpose of the regulation, which is to enable a credit union "to identify, store and reconstruct vital records in the event that the credit union's records are destroyed." (See Section 749.0.) In any event, at least the records described in Section 749.2(a) must be stored while the account is active.

6. The NCUA Regulations do not specify a period of time for which records must be stored. We note that you have considered various state and federal laws in setting time frames for storage and destruction of records. Our only comment on this issue is that you should consider the nature and use of each category of record in order to determine whether it should be stored for longer than required by law.

7. Minor revisions to Part 749 of the Regulations will be presented to the NCUA Board at its July 17 meeting. You may wish to amend your report after any final amendments are made. In addition, the Accounting Manual for Federal Credit Unions addresses record retention. Federal credit unions should review the appropriate sections of the Manual.

I hope that we have been of assistance.

Sincerely,

*Hattie M. Ulan*

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Associate General Counsel  
General Counsel's Office

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