

**WAC 208-490-030 What does the guidance require of credit unions?**

The stated intent of the guidance is to help borrowers to better understand adjustable rate mortgage (ARM) risks. The guidance requires credit unions and other financial institutions to have "policies and procedures" that focus on the various risks of subprime/nontraditional mortgage lending.

The guidance requires credit unions to be aware of portfolio and risk management practices, to use appropriate underwriting standards and to abide by consumer protection principles. Credit unions also need to maintain strong internal control systems. Many of the recommendations in the guidance are good business practices, and may already be followed by credit unions.

Not all of the elements of the guidance may be applicable to all credit unions. Credit unions must determine which elements are relevant to their operations, and incorporate only those subjects into their policies and procedures.

[Statutory Authority: RCW 43.320.040, 19.144.040 (2008 c 108). WSR 08-22-072, § 208-490-030, filed 11/4/08, effective 12/5/08.]