



April 2, 2018

Ms. Mary Thor  
National Credit Union Administration  
Office of Examination and Insurance  
1775 Duke Street  
Alexandria, VA 22314

Re: NASCUS Comments on Call Report/Profile Content Modernization

Dear Ms. Thor:

The National Association of State Credit Union Supervisors (NASCUS)<sup>1</sup> submits the following comments in response to the National Credit Union Administration's (NCUA's) request for comments on proposed Call Report/Profile Content Modernization. NASCUS appreciates the opportunity to provide feedback on the proposed changes, and commends NCUA on its engagement of stakeholders in the agency's 5300 and Credit Union Profile modernization efforts.

As reflected by our comments, NASCUS supports the proposed changes and believe they are a marked improvement from the current Call Report and Profile. However there are additional material improvements NCUA can make to the Call Report that would yield further regulatory relief for credit unions and enhance the efficiency of the supervisory process. We submit recommendation on those changes below.

#### Self-Aggregating Account Codes

On several schedules of the Call Report, related account codes aggregate to equal a separate "total" field. The credit union must enter the underlying fields as well as the total field. NCUA should automate aggregating account codes so that the total field is automatically populated based on the submissions for the underlying fields.

#### ASC 326 CECL Early Adopter Fields

The proposed Call Report changes contain optional fields for those credit unions that have chosen early adoption of Financial Accounting Standards Board (FASB) Topic 326 current expected credit losses (CECL) methodology. It would be helpful if NCUA clarified whether the account codes and information collected for early adopters of CECL will be the accounts codes and information collected when implementation becomes mandatory. NASCUS has heard from state chartered credit unions that are not early adopters that knowing whether the proposed CECL accounts codes are permanent would allow them to design their implementation to the Call Report.

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<sup>1</sup> NASCUS is the professional association of the nation's state credit union regulatory agencies.

### Commercial Loans and Member Business Loans

Schedule FC-E captures information on “commercial loans.” The “commercial loan” terminology is consistent with NCUA’s Part 723 which now distinguishes between “commercial loans” and “member business loans.” However, several states have NCUA approved state specific member business lending rules that do not distinguish between “commercial loans” and “member business loans.”<sup>2</sup> The proposed Call Report instructions are silent as to how state chartered credit unions in those states should complete these account codes given that reporting state “member business loans” might over-report “commercial loans” as defined by NCUA. We urge NCUA to work with NASCUS and the states with state specific rules to address this issue.

This schedule (as well as schedule FC-1) requests information on “junior liens” without defining the term. The instructions should clarify whether NCUA seeks only data on junior liens where another entity holds a superior lien on the same collateral and not junior lien information where the submitting credit union holds a superior lien and a junior lien on the same collateral.

On Line 25 of Schedule FC, NCUA asks for “Foreclosed and Repossessed Assets.” We recommend NCUA consider breaking out reporting of commercial real estate from other repossessed commercial collateral.

### Schedule FC-T Risk Based Capital

The proposed instructions for Schedule FC-T are missing any instructions or information for items 22-46. The level of detail for risk based capital is new for the Call Report and NCUA should include comprehensive instructions for each line item in the schedule.

### NCUA Form 5300 Definitions

As previously noted, NCUA’s instructions fail to define a “junior lien.” We also note that the definition of “Money Transmitters” introduces the undefined term “MSB” in the definition. NCUA should define MSB for users.

We also recommend NCUA include in the definitions section a definition for “member business loan” and provide a definition for “loan amount” that clarifies whether the “loan amount” includes deferred costs.

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<sup>2</sup> Seven states have been exempted from NCUA Part 723. Those states are Connecticut, Texas, Washington, Wisconsin, Illinois, Maryland and Oregon.

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Implementation

We recommend NCUA provide credit unions a minimum of eighteen months to adjust systems and familiarize themselves with the revised Call Report before the effective date.

We thank NCUA for the opportunity to submit comments regarding Call Report and Credit Union Profile modernization. In addition to modernizing and harmonizing the Call Report and the Credit Union Profile, we encourage NCUA to review AIRES and other supervisory data collection in conjunction with the Call Report modernization to ensure the regulatory relief (balanced by supervisory need) in one area is not offset by increased burden in another. We would be pleased to discuss these comments at NCUA's convenience.

Sincerely,

- signature redacted for electronic publication -

Brian Knight  
General Counsel