

5300 Frequently Asked Questions (FAQ)

General Questions

How long should past copies of the call report be kept?

- Part 749 of the NCUA Rules and Regulations requires credit unions to keep either a hard copy or an electronic copy in their permanent records. (These instructions are provided on the call report cover letter, provided to the credit union each cycle.)

Do I have to certify my profile before I correct a past 5300 report?

- No, you only have to certify your profile before you submit a new call report.

Where is the "Start Call Report" option on the left navigation menu under "Related Tasks" in the new Online Call Report Program?

- The "Start Call Report" option is only available during an active cycle. For example, the September 5300 Call Report Tab will be available from October 1, 2009 through October 31, 2009.

Statement of Financial Condition – Assets (pages 1-2)

1A. Why won't the electronic call report permit me to enter a negative (credit) balance for "Cash on Hand"? [Account 730A]

- "Cash on Hand" literally means coin, currency, and cash items on hand. It is not possible to have negative cash on hand.

1B. Why do the call report instructions direct us to report multi-coupon instruments (step-ups) based on period remaining to maturity rather than the next step-up date?

- This data feeds into the credit union's Risk Based Net Worth (RBNW) calculation. For PCA purposes, step-ups are risk-weighted at the period remaining to maturity. (NCUA RR Part 702)

1C. Why do call report instructions direct us to report FHLB stock in the greater than 1 year, but less than or equal to 3 year category? There is a 5 year notice requirement from the FHLB.

- This data feeds into the credit union's Risk Based Net Worth (RBNW) calculation. For PCA purposes, FHLB stock is risk-weighted at 6% (>1-3 year maturity). (NCUA RR Part 702)

1D. Why is the maturity of membership capital (MC) and paid-in-capital (PIC) at corporate credit unions limited to the greater than 1 year but less than or equal to 3 year category? MC and PIC have a weighted-average life greater than 3 years.

- This data feeds into the credit union's Risk Based Net Worth (RBNW) calculation. For PCA purposes, MC and PIC is risk-weighted at 6% (>1-3 year maturity). (NCUA RR Part 702)

1E. Can loans other than real estate loans be reported in "Loans Held for Sale"? [Account 003]

- Yes. Footnote 1 and Footnote 7 of the FFIEC Interagency Guidance on Certain Loans Held for Sale explains that mortgage loans held for sale as well as other loans held for sale should be included as discussed in the guidance. (Interagency guidance issued March 26, 2001 & attached to NCUA Accounting Bulletin 01-01)

2A. Where should credit unions report overdraft protection program advances (also referred to as bounced-check protection and courtesy pay)? [Account 397]

- Under "All Other Unsecured Loans/Lines of Credit". According to FFIEC guidance, when overdrafts are paid by the credit union, credit is extended. Overdraft balances should be reported on regulatory reports as loans. Accordingly, overdraft losses should be charged off against the allowance for loan and lease losses. (FFIEC Joint Guidance on Overdraft Protection Programs, issued February 18, 2005)

2B. Why won't the call report software permit me to enter a debit balance for "Allowance for Loan & Lease Losses"? [Account 719]

- A debit ALLL balance is counterintuitive to GAAP guidelines and contrary to the concept of an evaluation allowance for probable estimable losses.

2C. If a credit union has repossessed collateral that has been written down to fair value (less cost to sell), is it reported as delinquent on the call report? [Account 798A]

- No. The repossessed collateral should be written down to fair value (less cost to sell) at the time of repossession. If the credit union intends to sell the repossessed collateral, it should be moved out of loans and into "Foreclosed and Repossessed Assets". There should be no delinquency balance remaining on the books when moved because of the write down.

2D. In the instructions for "Foreclosed and Repossessed Assets", you refer to but do not define "long-lived assets". What is a "long-lived asset"? [Account 798A]

- GAAP does not define "long-lived assets". Presumably they are depreciable assets (automobiles, equipment and real estate) with a useful life in excess of one year. An asset whose future benefit is expected for a number of years is also called long-term asset.

2E. How do we treat lines of credit when reporting loans granted year-to-date?
[Accounts 031A, 031B]

- Report 1 loan granted year-to-date for any line of credit (including credit card loans) that has an advance on it in that year -- in any given year, the CU would either report "1" (one or more advances in that year) or "0" (no advances in that year). The amount reported would include all advances in that year.

Statement of Financial Condition – Liabilities, Shares and Equity (pages 3-4)

3A. We have implemented sweep programs involving share draft accounts and money market accounts. Funds are swept between two subaccounts, a share draft subaccount and a money market subaccount. Depending on the balances in the two subaccounts on a particular day, we shift funds from the share draft subaccount to the money market subaccount or vice versa. How should these sweep accounts be reported on the call report?

- Funds must be reported where they reside. The share draft subaccount and money market subaccount should be treated separately when a credit union reports its quarter-end share information. Report share draft subaccount balances as share drafts. Report money market subaccount balances as money market shares.

3B. We have an available line of credit at the FHLB which is based on percentages of our stock ownership and real estate loan portfolio. How do we report this? [Accounts 883C, 881]

- FHLBs have varying borrowing programs. In the case of a line-of-credit, report outstanding balances on page 3, line 1 - Draws Against Lines of Credit and report the total credit line on page 10, line 7a - Total Credit Lines.

Statement of Financial Condition – NCUA Insured Savings Computation (page 4)

4A. What is reported in the applicable rows of the NCUA Insured Savings Computation?

- Report only the amount of uninsured shares and deposits. Do not include notes payable or other forms of borrowings.

Income and Expense (page 5)

5A. For financial reporting purposes may credit unions net ATM fees and ATM expenses on the Call Report or must they report gross ATM income and gross ATM expense in the corresponding income and expense lines of the Call Report?

- A credit union must report gross ATM income in the income section of the income statement and ATM expenses in the expenses section of the income statement; ATM income and expenses may not be netted. The Call Report must be filed consistent with generally accepted accounting principles (GAAP) and GAAP does not permit such netting of ATM income and expenses. Netting of ATM income and expenses is an inappropriate reporting practice that may provide an unfair advantage in ratio analysis or Unrelated Business Income Tax (for Federally Insured State-Chartered Credit Unions only).

5B. Where do low-income designated federal credit unions report interest on deposits? It is not under "Interest on Deposits" because this only applies to SCUs. [Account 380]

- Under "Dividends on Shares". The Federal Credit Union Act authorizes low-income designated FCUs to receive shares, share drafts, and share certificates from nonmembers. The Act refers to these as shares, not deposits. We maintain the same nomenclature in the call report. (FCU Act 107(6))

Miscellaneous Information (page 6)

6A. If a credit union member has multiple accounts should these additional accounts count towards the final "members" total on line 2?

- No, count only each member once, regardless of the number of accounts held by a particular member.

Delinquent Loans (pages 7-8)

How does a credit union with a member business loan that has real estate as the collateral, report it on the delinquent loan schedule? Is there double counting?

- The credit union would first report the loan in the applicable real estate delinquency category. The same loan balance would then be reported on line 12b - Member Business Loans excluding Agricultural loans. This line is one component of supplemental reporting under the Additional Delinquency Information heading. The totals entered under this heading do not count as additional delinquency totals for aggregate credit union delinquency.

Loan Charge Offs and Recoveries (page 9)

9A. My CPA says GAAP requires timely and consecutive payments over a 3-month period consistent with restructured terms before re-aging a troubled debt restructured loan. Call report instructions require timely and consecutive payments over a 6-month period. Which is it?

- Six months. NCUA call report instructions are consistent with the other banking regulators. GAAP does not address delinquency reporting. (See FFIEC 031 and 041 Glossary, Nonaccrual Status, Page A-61)

9B. How does a credit union with a participation loan that has real estate as the collateral, report it on the Loan Charge offs and Recoveries schedule? Is there double counting?

- The credit union would first report the balance of the loan charge off in the applicable real estate category directly under the heading titled Loan Loss Information. The same loan balance would then be reported on line 8 – Participation Loans. This line is one component of supplemental reporting under the Additional Loan Loss Information heading. The totals entered under this heading do not count as additional charge off totals for aggregate credit union charge offs.

Liquidity, Commitments and Sources (page 10)

10A. We offer a courtesy pay program where we do not return a member's NSF check to the depositor but instead charge the member the NSF fee and give them a number of days to make it good. There is no specific amount committed to a member for which we will do this. How do we determine the amount of unfunded overdraft protection program commitments? [Account 822]

- NCUA RR 701.21(c)(3) requires credit unions to establish a cap on the total dollar amount of all overdrafts the credit union will honor. FFIEC guidance requires the establishment of well-defined and properly documented dollar limit decision criteria. Credit unions should report their cap amount minus any outstanding advances. (NCUA RR Part 701.21(c)(3); FFIEC Joint Guidance on Overdraft Protection Programs)

10B. The instructions for "Loans Transferred with Recourse" tell us not to include loan participations transferred with substantial recourse. Why? [Account 819]

- If a loan is transferred with "substantial recourse" per GAAP, the credit union is required to keep the loan on its books. There would be a loan booked, but no contingent liability.

10C. If a credit union uses an open-end loan form (such as Loanliner) for secured loans, is the difference between the approved limit and the outstanding balance reportable as an unfunded commitment? [Account 816]

- Yes. Credit unions using open-end loan forms should reported the difference between approved limits and outstanding balances under “Other Unfunded Commitments”.

PCA Net Worth Calculation Worksheet (page 11)

11A. How can the optional Total Assets Elections on lines 10-12 benefit a credit union?

- By using one of the optional total assets Elections as the Denominator in the net worth calculation, a credit union may receive a higher net worth ratio. As a result, a credit union could improve its net worth position to above 7% and not be subject to PCA requirements if the standard net worth calculation was below 7%.

Standard Components of Risk Based Net Worth Requirement (RBNW) (page 12)

12A. Are all credit unions subject to the RBNW requirement?

- No, a RBNW requirement is only applicable for those credit unions with assets greater than \$10 million and a RBNW requirement greater than 6%.

Schedule A – Specialized Lending (pages 13-15)

13A. When reporting number and amount of loans outstanding on the real estate loan schedule, do we report based on original maturity, remaining maturity, or period remaining until next adjustment?

- Report fixed-rate loans based on original maturity. Report balloons/hybrids based on the period the original interest rate remains fixed. Report adjustable-rate loans based on the adjustment period. These accounts capture product type. On the day the loan was originated, how would you report it? – report it the same way as long as it remains on the books.

14A. Should "table funded" loans be reported as loans sold in the secondary market? [Account 736]

- No. Loans that are not funded by the credit union and at settlement are assigned to the party advancing the funds should not be reported as loans sold. (See NCUA RR Part 760 for a definition of table funded loan.)

14B. If a credit union participates out real estate loans, should the portion participated out be reported as sold but serviced by the credit union? [Account 779A]

- Yes, as long as the credit union still services the loan. The account was added in 2004 to identify linkages between loan servicing and associated fee income and expenses.

14C. Account 712 captures the amount of real estate loans outstanding that will contractually refinance, reprice or mature within the next 5 years. Do I also report real estate loan cash flows over the next five years on loans not refinancing, repricing or maturing in the next 5 years? [Account 712]

- No. Account 712 is used to calculate the amount of long-term real estate loans for Risk Based Net Worth (RBNW) purposes. "Long-term real estate loans" is defined in Part 702.104(a) of NCUA's Rules and Regulations. The definition does not exclude near-term cash flows on long-term real estate loans. Account 712 is also used to calculate the ratio of net long-term assets. Reporting cash flows on long-term real estate loans results in an underreporting of the credit union's RBNW requirement and ratio of net long-term assets.

14D. Account 718A asks for the portion reported as real estate loans on the real estate loan schedule which are also reported as business loans on the business loan schedule. Account 718 asks for the portion reported as real estate loans on the real estate loan schedule which are business purpose loans that qualify for RBNW. Do these accounts capture the same thing? [Accounts 718A, 718]

- No. 718A captures RE secured business loans based on the regulatory definition -- 718A is used to calculate net long-term assets. 718 captures RE secured business loans that qualify for RBNW -- 718 is used to calculate a credit union's RBNW requirement. (Refer to NCUA RR Part 702 for a discussion of business loans as they relate to PCA).

14E. A credit union has \$35,000 in business purpose loans to a member and makes a \$40,000 business purpose loan to the same member. How much does the credit union report as a member business loan -- \$40,000, \$25,000, or \$75,000? [Account 400A]

- \$40,000, and the credit union would comply with all of the requirements of Part 723 in making this loan because the loan caused the aggregate amount of business purpose loans to the member to exceed the \$50,000 threshold in RR 723.1(b)(3). (Federal Register / Vol. 68, No. 190)

14F. The instructions for Account 400 (loans and participation interests qualifying for RBNW) indicate we should include portions of business loans that are guaranteed by any agency of the federal government, a state or any political subdivision of such state. However, based on the regulatory definition, these guaranteed portions are excluded as business loans. Aren't the call report instructions providing conflicting instructions?
[Account 400]

- No, the instructions are accurate. Loans that are fully guaranteed by a federal or state agency are not considered member business loans, and would not be reported in Account 400. However, if the loan is partially guaranteed (such as SBA loans), the portion that is partially guaranteed is excluded from the regulatory net business loan balance but included for RBNW purposes. The loan must meet the regulatory \$50,000 threshold before it is reported as a member business loan, or reported for RBNW purposes. Once a loan is deemed to be a member business loan, the outstanding balance of the member business loan (including any guaranteed portions) must be risk-weighted until the loan is paid off. (NCUA RR Part 702)

Schedule A – Specialized Lending, Section 4 – Loan Purchased and Sold in Full and Participation Loans Purchased & Sold (page 15)

15A. When a credit union purchases participation loans with or without recourse, the outstanding amounts purchased are recorded on lines 619B1 (Purchased with recourse) and 619B2 (Purchased without recourse). The aggregate total automatically flows to Total Participation Loans Purchased (Acct 691B). What other line items must be completed to ensure no errors occur?

- Applicable entries on Lines 37a-f (Accts 691L1-691L6) must be completed under the Purchased Outstanding on Financials Statements Heading. The aggregate total – Total Participations Outstanding by Type (Acct 691L) must equal the balance recorded for Total Participation Loans Purchased (Acct 691B) in order for no errors to occur with loan participations purchased.

15B. When a credit union sells participation loans with or without recourse, the outstanding amounts sold are recorded on lines 619E1 (Purchased with recourse) and 619E2 (Purchased without recourse). The aggregate total automatically flows to Total Outstanding Participation Sold (Acct 691E). What other line items must be completed to ensure no errors occur?

- Applicable entries on Lines 37a-f (Accts 691N1-691N6) must be completed under the Sold Outstanding on Financials Statements Heading. The aggregate total – Total Outstanding Sold by Type (Acct 691L) must equal the balance recorded for Total Outstanding Participation Loans Sold (Acct 691E) in order for no errors to occur with loan participations sold.

Schedule B – Investments, Supplemental Information (page 16)

16A. Once an investment passes the last call date, is it still reported as an investment with an embedded option? [Account 786A]

- No. Once the final call passes, the investment no longer has an embedded option associated with the call feature. (NCUA RR Part 703.2 and 703.12(b))

16B. Are CDs purchased through the SimpliCD program reported as brokered CDs on the call report? [Account 788]

- Yes. SimpliCDs are not direct purchases and therefore should be reported as brokered CDs on the call report.

Schedule C – Credit Union Service Organization (CUSO) Information (page 17)

17A. What is a EIN (Employer Identification Number)?

- An Employer Identification Number (EIN) is a number issued to a business by the Internal Revenue Service. It is a nine digit number whose format is ## - #####. If you don't know the CUSO's tax ID number, you should contact the CUSO to get their employer ID number. Do not leave this blank. Do not use someone's social security number as the Employer ID number.

17B. Does my CUSO have to have a Employer ID Number?

- State regulations may vary, but under NCUA Rules and Regulations Part 712, a CUSO that is owned or invested in by a Federal Credit Union must be organized as a corporation, limited liability company or limited partnership. These types of corporate entities are required to have an Employer ID number issued by the IRS. The IRS permits a sole proprietorship or a self-employed individual to use a social security number as an EIN.

17C. What percent of controlling interest defines a credit union as having a wholly-owned CUSO?

- 50% or more of the voting stock of the CUSO.

17D. Should the amounts for Total Value of Investments (Account 851), Total Amount Loaned to CUSOs (Account 852), and Total Aggregate Cash Outlay in CUSOs (Account 853) be reconciled to the Individual CUSO totals reported in the Online Profile CUSO Section?

- Yes, the Total Value of Investments in CUSOs (Account 851), Total Amount Loaned to CUSOs (Account 852), and Total Aggregate Cash Outlay in CUSOs (Account 853) on Schedule C of the 5300 Report must equal the aggregate amounts for Total Value of Investments in CUSOs, Total Amount Loaned to CUSOs, and Total Aggregate Cash Outlay in CUSOs reported in the Online Profile CUSO Section.