

NCUA



INSTRUCTION

NO. 6054	DATE: March 29, 2007
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SUBJECT: Small Credit Union Program

TO: All NCUA Staff

ENCL:

- (1) EDS Request Procedures – *EDS Direct***
- (2) Procedures for Uploading Reports via AIRES**
- (3) EDS Contact Report Form**
- (4) EDS Direct Assistance Follow-Up Letter**
- (5) Direct Assistance Survey**
- (6) Regional Semi-Annual Reporting Format**

1. **PURPOSE.** To establish procedures for the National Small Credit Union Program and provide a framework for the regional small credit union programs.
2. **CANCELLATION.** NCUA Instruction 6052.00 (Rev.2) dated April 25, 2005, is cancelled.
3. **BACKGROUND.** In December 2004, the NCUA Board created the Office of Small Credit Union Initiatives (OSCU) to focus on providing guidance, assistance, and information on development opportunities to small, new, and low-income designated credit unions nationwide. OSCU's goal is to ensure the long-term viability and growth of these credit unions. OSCU accomplishes this goal through three primary functions—Training, Assistance, and Partnership Opportunities (TAP).

Economic Development Specialists (EDSs) provide one-on-one training or direct assistance to credit unions on a variety of operational and strategic management issues. This instruction focuses on OSCU's procedures and responsibilities related to direct assistance.

4. **DEFINITIONS.** For the purposes of this Instruction, the following definitions apply:

- a. **Small credit unions** – Credit unions with less than \$10 million in assets.
- b. **New credit unions** – Credit unions chartered less than 10 years.
- c. **Low-income designated credit unions** – Credit unions serving predominately low-income members, as defined by NCUA Rules and Regulations §701.34.

5. SMALL CREDIT UNION PROGRAM.

To ensure the long-term viability and growth of small, new, and low-income designated credit unions, the Small Credit Union Program (SCUP) must complement and support the agency’s overall supervision program. Furthermore, the National and Regional SCUPs need to complement and support each other.

OSCUI Responsibilities	Regional Responsibilities
Set the direction for an active SCUP by working with the regions, Office of Examination and Insurance, and stakeholders to identify the needs of small and low-income designated credit unions.	Oversee an active regional SCUP that recognizes the special needs of small credit unions and communicate these needs to staff.
Provide specialized technical expertise on pertinent issues.	Identify small and low-income designated credit unions in need of strategic and operational assistance.
Connect credit unions and NCUA staff to resources and best practices.	Assign staff (Subject Matter Examiners or equivalent) to provide assistance to credit unions enrolled in the regional SCUP.
Facilitate credit union development and expansion of credit union services.	Promote, market, and support OSCUI with NCUA Board, agency, and office initiatives.
Assign staff to provide assistance to credit unions referred by the region.	Assign regional staff member as a liaison to OSCUI and issue regional SCUP guidance.
Train credit unions and staff on the issues relating to small and low-income designated credit unions.	Provide input and participate in OSCUI training events, such as workshops, roundtables, and clinics.
Monitor, measure, and report results of the agency-wide SCUP to NCUA management and staff semi-annually.	Measure and report semi-annual results of the region’s efforts to OSCUI by January 31 and July 31.

OSCUI’s Economic Development Specialists are instrumental to the National SCUP’s assistance effort. They provide training to credit union officials

nationwide through one-on-one direct assistance, small group roundtables or clinics, and national workshops. The training covers both operational and strategic issues. Examples of operational issues are budgeting, record keeping, developing net worth restoration plans, internal controls, policy development, and regulatory compliance. Strategic issues include developing new products and services, marketing plans, strategic and business plans, field of membership expansion, funding opportunities, and succession planning.

The Small Credit Union Subject Matter Examiners (SCUP SMEs) are instrumental to the Regional SCUP assistance effort. They primarily provide training to local credit union officials through one-on-one direct assistance. The following table outlines the typical EDS and SCUP SME duties related to training, assistance, and partnerships. Each region has the flexibility to design its own program and define the SCUP SME role.

Economic Development Specialists (National & Regional Function & Focus)	Small Credit Union Subject Matter Examiners (Local Function & Focus)
Training	
Present at workshops, conferences, and other training events.	Present at workshops, conferences, and other training events.
Develop material and facilitate training programs.	Facilitate training programs.
Train Subject Matter Examiners and other Regional staff.	Train examiners.
Assistance	
Perform on-site contacts related to strategic, complex, or politically sensitive operational issues, including financial assistance or funding opportunities.	Perform on-site contacts related to less complex operational and strategic issues.
Provide on-site assistance for newly-chartered credit unions.	Report and follow up on expected results of the contacts.
Assist in the processing of financial assistance requests.	Assist in the processing of financial assistance requests.
Provide emergency assistance.	
Facilitate expansions of member services and fields of membership.	
Assist organizing groups seeking to form a credit union.	
Report and follow up on expected results of the contacts.	
Partnership Opportunities	
Locate resources to meet the needs of stakeholders (staff, credit unions,	Locate resources to meet the needs of stakeholders (staff, credit unions,

consumers, and partnerships).	consumers, and partnerships).
Communicate partnership opportunities to stakeholders. Maintain a centralized list of resources and partnerships.	Communicate partnership opportunities to stakeholders.
Network with national partners, including community organizations, trade associations, government agencies, and institutions that may assist in fostering credit union development.	Network with regional partners, including trade associations and institutions that may assist in fostering credit union development.

In addition to the SCUP SMEs, other subject matter examiners can also provide direct assistance to small credit unions. For example, Recordkeeping SMEs could train a small credit union manager to correctly reconcile the credit union’s corporate account or correct journal entries.

Criteria for Participation in the SCUP

OSCUI relies on regional referrals of small, low-income designated, and newly-chartered credit unions to the National SCUP. Regions should consider requesting EDS assistance or arranging SCUP SME assistance to credit unions exhibiting one or more of the following characteristics:

- Cooperative, active, and responsive management and officials, demonstrated by a CAMEL component code of 1, 2, or 3 in Management.
- A management team interested in working with the EDS or SCUP SME to improve the long-term viability of the credit union.
- Viable field of membership or the potential to identify a new viable field of membership.
- Small or low-income designated seeking alternatives to a voluntary merger.

There may be emergency situations, as defined by NCUA management, in which EDS assistance is needed. For example, the region requested EDS assistance for small New Orleans credit unions in the aftermath of Hurricane Katrina.

OSCUI resources will be prorated based on the number of SCUP eligible credit unions in each region. Resources prorated for state chartered credit unions will be based on historical participation in the SCUP. Historically, federally-insured, state chartered credit unions account for less than 10 percent of all credit unions enrolled in the National SCUP.

Procedures for Enrolling SCUP Eligible Credit Unions

Requesting direct assistance for a SCUP eligible credit union typically starts with the credit union’s examiner. After obtaining the Supervisory Examiner’s (SE)

approval, the examiner can enter the request in *EDS Direct* via NCUA's Intranet. Regional Division of Insurance (DOI) staff can also enter a request in *EDS Direct*. See Enclosure 1 for step-by-step instructions.

EDS Direct sends the examiner's request to the regional DOI module of the program, with a notice via the DOI mailbox in Outlook. The DOI follows its regional procedures for processing the request. If the DOI forwards the request to OSCUI and EDS resources are available, the examiner, SE, and DOI will receive an e-mail response with the name of the EDS assigned and the anticipated contact completion date.

Releasing Credit Unions from the National SCUP

The triggers for terminating EDS direct assistance include the following:

- EDS completed the work requested by the region,
- Credit union does not want assistance,
- Credit union management is uncooperative or unwilling to work with the EDS,
- Evidence of fraud discovered during the contact,
- Region decides to terminate assistance, or the
- Credit union is in the process of merging.

When one of these events occurs, OSCUI will notify regional DOI and remove the credit union from active assignments in *EDS Direct*. This action does not prevent the region from submitting future requests for direct assistance with that particular credit union if circumstances change.

In fact, credit unions should not be in the National SCUP for prolonged periods of time. Rather, EDSs will work with the credit union officials on specific items the region requests and when the work is complete, the credit union will be released from the National SCUP. The region can submit a new request for assistance to OSCUI when additional help is needed.

SCUP Reporting Requirements

To evaluate the effectiveness of the SCUP, it is necessary to establish a framework for reporting.

Direct Assistance Contact Reports

EDSs and SCUP SMEs (or their equivalent) complete written contact reports and upload the reports to the SQL server via AIREs (See Enclosure 2). The AIREs server automatically e-mails a report hyperlink to the examiner, SE, regional office, and OSCUI. All NCUA staff have access to these reports on the SQL server alongside exam and supervision contact reports. Enclosure 3 provides an

EDS contact report template. EDSs are required to upload a contact report via AIREs after completing on-site work.

In addition to the written contact report, EDSs are required to record data on each credit union contact in *EDS Direct*. The data includes the type of assistance provided and number of hours, expected results of the contact and associated dates, as well as follow-up recommendations. After the expected results date, the EDS follows up with the credit union and records whether the credit union met the expectations. For example, if the EDS helped the credit union develop a field of membership expansion application to add an underserved area, then the expected result would be for the credit union to submit the application to the regional office by a certain date. All NCUA staff have access to the data EDSs record in *EDS Direct*. NCUA staff can connect to the Intranet via the VPN and type <http://ncuaapps/edsdirect/reporting> in their browser to view standard queries or they can use NCUA's Data Dictionary to develop custom queries. All *EDS Direct* data input is posted to the SQL server.

After each EDS on-site direct assistance contact, OSCUI mails a follow-up letter and survey to the credit union (See Enclosures 4 and 5). Credit union feedback helps OSCUI assess the effectiveness of the assistance, as well as potential changes to SCUP.

Regional and National Reporting

Regions are required to report results of their SCUP efforts to OSCUI semi-annually, by January 31st and July 31st. At a minimum, the regional report should include training events, SCUP SME direct assistance, success stories, and partnerships formed during the six-month reporting period (See Enclosure 6).

OSCUI combines the regional reports with OSCUI efforts into a semi-annual report to the Executive Director. The semi-annual report outlines the progress and achievements of the agency's SCUP in the areas of training, assistance, and partnerships.

- 6. EFFECTIVE DATE.** This instruction is effective immediately and will remain in effect until cancelled or superseded.

/S/

J. Leonard Skiles
Executive Director

Enclosures

Requesting EDS Assistance – *EDS Direct*

Step 1:

Field staff or regional office staff can request EDS assistance for a potential new charter group or an existing credit union. However, only certain DOI staff will have permission to approve the request and send it to OSCUI. Please remember to obtain SE approval before you submit an EDS request.

Click the link: <http://ncuaapps/edsdirect/>



EDS Direct - EDS Request Main

Welcome Wendy Angus

Contact Forms:

- Economic Development Specialist Request
- Economic Development Specialist Request
- New Charter Organizer Request

To request EDS direct assistance for an existing credit union, select Economic Development Specialist Request from the drop down menu and press the Continue button.

Procedures for Uploading WCC 2 Contact Reports via AIRES 2005

To Populate Form 110 in AIRES 2005

- (1) Create a new AIRES Exam Database (File, New)
Enter contact type 2, Small Credit Union Program
Effective Date = most recent quarter end with available call report data
- (2) Answer "Yes" when asked, "Would you like to send a request for historical data?"
- (3) In Data Communications under the Request Historical Data tab, click the Send Request button.
- (4) After you receive the historical data files in Outlook, click File, Data Communications, Import Data tab, press the Add Historical from Outlook button, and press the Begin Import button.

- (5) Click Exam, Historical Contacts and note the most recently uploaded NCUA CAMEL codes and FOM "Yes/No".
- (6) Enter contact hours and any required contact information in the Exam Management Console.
- (7) Click Exam, Exam Workbook and open the CAMEL worksheet. Enter the most recently uploaded NCUA CAMEL codes you noted from the Historical Contacts module.
- (8) Save the Exam Workbook and Exit Excel. The CAMEL codes should flow from the Exam Workbook to the Exam Management Console.

To Add the Code 2 Contact Report and Upload in AIRES 2005

- (1) Click File, Data Communications.
- (2) Select the Send Exam tab.
- (3) Press the Add Files button.
- (4) Browse to find the applicable documents.
- (5) Press the Open button.
- (6) Press the Send Exam tab.

EXCEPT for the XML files, Code 2 Contact Report.doc, Examiner Contact Information.pdf, and Exam.mdb file, you should remove other documents not pertaining to the Code 2 contact by highlighting the files and pressing the Remove Files button. Otherwise, recipients will receive a cluttered AIRES zip file. **Do not remove the XML files, Code 2 Contact Report.doc, Examiner Contact Information.pdf, or Exam.mdb.**

- (7) Press the Send button. You'll receive a prompt asking whether it's okay to upload without a Scope, answer Yes.

The uploaded Code 2 AIRES zip file will be saved to the AIRES shared drive (K drive) along with other AIRES exams and supervision contacts. When uploaded, the SysAires server will e-mail the summary 110 information and Code 2 AIRES zip file link to the following:

Examiner
Supervisory Examiner
_Region X DOI Mail {Except for Region 2 credit unions- _Region 2 DOS Mail}
_OSCU Mail

The AIRES server is not set up to distribute to SSAs.

Helpful Tips

- (1) Do not enter problem code data in the 110. Problem codes should only be entered if they tie to a DOR.
- (2) Under Data Communications, Send Exam tab, **Do Not** check the box “Minimal Upload—Exclude Word and Excel files.” If you do, then your Code 2 Contact Report.doc will not be uploaded with the AIRE file.

Economic Development Specialist Contact Report

EDS Name:
Credit Union Name:
Charter Number:
Contact Hours: E ____ **A** ____

Report Completion Date:
Date(s) on-site:
Date(s) off-site:
Travel Hours:

Provided assistance in the following area(s):

Basic Operations	E	A	Strategic Issues	E	A
Budgeting			CDRLF Loan Application		
Internal Controls			Grant Writing		
NWRP/PCA			Low-Income Designation		
Policy Development (Listed Below)			Marketing		
Asset Liability Management			FOM Expansion		
Collections			Internship		
Consumer Compliance			Mentorship/Partnership		
Investments			Strategic Planning		
Lending			Product Development		
Disaster Recovery			Succession Planning		
BSA/OFAC			Other Strategic Issues (Explain Below)		
Other Policies (Explain Below)			Other		
Lending			Time Related to EDS Contact Report Writing		
Recordkeeping					
Training (Listed Below)					
Board					
Staff					
Supervisory Committee					
Other Training (Explain Below)					
Other Operations (Explain Below)					

E= Estimated Hours A= Actual Hours

Brief Explanation of Other Policies Developed/Revised, Other Training, Other Operations, or Other Strategic Issues:

Brief Description of Area(s) Reviewed:

Brief Description of Area(s) Completed:

Areas In-Process (if any):

Materials and/or Guidance Provided:

Follow Up Plans/Recommendations:

Final or Expected Results of EDS Contact and Related Timeframes:

Other Comments:



National Credit Union Administration
Office of Small Credit Union Initiatives
1775 Duke Street
Alexandria, Virginia 22314

To the Officials of _____ Credit Union:

In 2004, the NCUA Board established the Office of Small Credit Union Initiatives (OSCUI). OSCUI's mission is to support activities that promote development, empowerment, and risk mitigation for small, low-income designated, and newly-chartered credit unions. The office also provides direct assistance through our staff of Economic Development Specialists (EDS) located throughout the country.

During the week of _____, EDS _____ from the OSCUI assisted your staff with strategic/operational issues. The information and materials provided during this on-site contact focused on the following areas: *(only list applicable areas)*

- Budgeting
- Financial Projections
- Business/Strategic Plan
- Marketing
- Product Development Information
- Training
- Field of Membership Expansion
- Recordkeeping
- Lending/Collections
- Policy Development
- IS&T

- ✚ Community Development Revolving Loan Fund Requests
- ✚ Grant Information/Applications

I am providing this letter summarizing the contact for your information only. However, you may wish to discuss the results of this EDS contact during your next monthly Board of Directors meeting. As you and your staff continue working on these and other areas, feel free to contact EDS _____ directly at (000) 000-0000.

We value your opinions, comments and suggestions on the assistance provided by our EDS staff. Please take a couple minutes to complete the enclosed survey. You can either return it in the enclosed, self-addressed stamped envelope or fax it to us at 703-518-6619. Finally, you are welcome to call or e-mail EDS Supervisor _____ at _____ or _____@ncua.gov.

Thank you for participating in our National Small Credit Union Program. Enclosed is a brochure explaining the additional services my office provides to small, newly-chartered, and low-income designated credit unions nationwide.

Sincerely,

Tawana Y. James, Director
Office of Small Credit Union Initiatives

Enclosures



National Credit Union Administration
Office of Small Credit Union Initiatives
1775 Duke Street
Alexandria, Virginia 22314

**NCUA ECONOMIC DEVELOPMENT SPECIALIST
DIRECT ASSISTANCE SURVEY**

STATE:

REGION:

Assets (please check applicable asset range):

___ <\$1M; ___ \$1M-<\$3M; ___ \$3M-<\$5M; ___ \$5M-<\$8M; ___ \$8M-<\$10M; ___ >\$10M

Rating Key:		
5 – Definitely Agree	4 – Generally Agree	3 - Neutral
2 – Generally Disagree	1 – Definitely Disagree	

1. There was effective communication between credit union staff/management/officials and the EDS throughout the contact.

5 4 3 2 1

2. The contact was results-oriented and you obtained sufficient direction to accomplish your desired goals.

5 4 3 2 1

3. The topics discussed with staff/management/officials were relevant to assist you with addressing your goals.

5 4 3 2 1

4. You understood the materials and information provided by the Economic Development Specialist.

5 4 3 2 1

5. The Economic Development Specialist provided answers to your questions.

5 4 3 2 1

6. Overall, your credit union will benefit from working with the Economic Development Specialist.

5 4 3 2 1

7. What are the things you will use the most as a result of the contact?

8. What are the things you will use the least from the contact?

9. If desired, please provide additional comments.

Rating Key:		
5 – Definitely Agree	4 – Generally Agree	3 - Neutral
2 – Generally Disagree	1 – Definitely Disagree	

This survey is for quality control purposes to improve our National Small Credit Union Program. Please return the completed survey in the enclosed self-addressed, stamped envelope to NCUA’s Office of Small Credit Union Initiatives, 1775 Duke St., Alexandria, VA 22314, or fax to 703-518-6619. Thank you for your time and feedback.

Regional Semi-Annual Reporting Format

At a minimum, the following items should be included in the regional report.

General:

1. Discuss any small credit union trends (historical or emerging) noted in the region.

External [Non-OSCU] Training:

1. The topics, location, any sponsors, charter number with names of credit unions attending, and total number of persons that attended the regional-nonOSCU training events (e.g., workshops, clinics, roundtables, etc...).
2. A list of future planned regional training events.

Internal Training

1. Staff training performed associated with NSCUP initiatives. Requests for speakers for training can be stated, also.

Assistance:

1. A list of contacts performed (e.g., charter #, name, hours expended, and completed contact –yes/no) until the development of the regional module in *EDS Direct* is completed.
2. One or more credit union success stories (e.g., direct or financial assistance) to be shared with management staff.

Partnership Opportunities:

1. A list of any new partnerships formed during the last semi-annual period.
2. One or more credit union success stories derived from regional partnerships.
3. Requests for partnership information.

Opportunities

1. Mention any opportunities pertaining to NSCUP to be shared with other NCUA staff.

Step 2:

When you see the following screen, enter the credit union's charter number and press the GO button. All credit union information automatically populates.

EDS Direct - Economic Development Specialist Request

Charter Number: Priority Request (Explain Below)
Suggested Completion Date: SE Approves

Credit Union Information (Type in Charter Number and click Go to populate)

Name: BETHEX	Low Income: YES
Region SE Dist: 1 E 5	Asset Size: \$11,923,104.00
CAMEL: 3 3 3 3 4 3	Net Worth: 6.66
Earnings: 0.21	Delinquency: 1.17
Examiner: Zanelotti, Janice	

Credit Union Manager's Information

Name: **Phone Number:**
xxx-xxx-xxxx

E-Mail:

Street:

City: **State:**

Zip:

Operational Assistance (Estimated Hours)

Budgeting	<input type="text"/>	Internal Controls	<input type="text"/>
NWRP/PCA	<input type="text"/>	Lending	<input type="text"/>
Recordkeeping	<input type="text"/>	Other(Explain Below)	<input type="text"/>

Policy Development (Estimated Hours)

Asset Liability Mngt	<input type="text"/>	BSA/OFAC	<input type="text"/>
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Enter the suggested completion date. If you click in the blue box to the right of the suggested completion date, you will get a pop-up calendar. Click the arrows to move from month to month. The system will not allow you to submit a request with a suggested completion date earlier than the date submitted or without a check in the SE Approves toggle box to the right of the date.

EDS Direct - Economic Development Specialist Request

Charter Number:

Priority Request (Explain Below)

Suggested
Completion Date:

June 2006						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1
2	3	4	5	6	7	8

If the EDS request should be handled as a priority, check the Priority Request box. Before you can submit the request, the program will require you to enter some narrative in the Additional Details text box at the bottom of the screen. Enter the estimated hours next to each type of direct assistance and any related narrative data.

Training (Estimated Hours)	
Board	<input type="text"/>
Staff	<input type="text" value="30"/>
Credit Committee	<input type="text"/>
Supervisory Committee	<input type="text"/>
Strategic Issues (Estimated Hours)	
CDRLF Loan Application	<input type="text"/>
Grant Writing	<input type="text"/>
Low - Income Designation	<input type="text"/>
Mentorship / Partnership	<input type="text"/>
Report Writing	<input type="text"/>
Succession Planning	<input type="text"/>
Other(Explain Below)	<input type="text"/>
FOM Expansion	<input type="text"/>
Internship	<input type="text"/>
Marketing	<input type="text"/>
Product Development	<input type="text"/>
Strategic Planning	<input type="text"/>
Technology	<input type="text"/>
Brief Description of Other or Additional Details:	<input type="text" value="This is a priority request because the FCU has a new manager with very little experience in recordkeeping. Needs training asap"/>
Field of Membership:	<input type="text"/>
Exceptions to Contact Scheduling:	<input type="text"/>
<input type="button" value="Submit"/>	

Step 3:

Press the Submit Button. This action submits the request to the appropriate Division of Insurance(DOI). The _Region X DOI Mail will receive an automatic e-mail notification of a newly submitted EDS Direct request such as this:

From: EDSDirect@ncua.gov Sent: Thu 12/7/2006 12:20 PM
To: Burton, Sonya M; r4doimail; R4SEI; _EDS Direct
Cc:
Subject: EDS Contact Requested for CU#10557 , Suggested Completion Date 2/15/2007

EDSDirect Request has been submitted for BOGALUSA SCHOOLS

Originator: Sonia Burton, Region 4.
Location : [BOGALUSA, LA
Asset Size: \$1,525,410.00
Low Income: YES

HTTP://NCUAAPPS/EDSDirect/ContactRequest/EDSRequest.aspx?SCUI_ID=f1c90c26-cf9c-4caa-ab37-ceef1a5a522b

Brief Description of Other or Additional Details: The credit union needs help with policy development, BSA training, and possibly completing a grant application for office equipment.

The e-mail goes to the requestor, SE, and the DOI mailbox. Any NCUA employee can click on the hyperlink and view the entire EDS request form. If DOI approves the request and forwards it to OSCUI, then OSCUI will send an e-mail response within 10 business days to the examiner, SE, and DOI. If OSCUI resources are available, the response will include the name of the EDS assigned and the anticipated contact completion date.

Printing Request Forms

Click File, Print from the Internet Explorer tool bar.