



National Association  
of Federal Credit Unions  
3138 10th Street North  
Arlington, VA 22201-2149

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# NAFCU Regulatory Committee: Recommendations to Improve & Streamline the 5300 Call Report

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## General Comments

1. Count information is required at a very granular level
  - a. Count information is required throughout 5300 reporting for loans, deposit accounts, delinquent accounts, loans granted YTD etc.
  - b. The time required to gather and validate the count data is great while the data itself does not add significant value to the reporting.
2. Level of information required is too detailed. Examples include:
  - a. There are 5 pages of the 5300 that are solely related to derivative activities.
  - b. There are 4 pages of the 5300 that are solely related to specialized lending activities.
  - c. There are 1 ½ pages of the 5300 that are solely related to TDR activities.
  - d. Delinquency data is reportable not only by collateral type and stage of delinquency (11 different reportable categories) but also by 17 other more detailed categories based on the type of loan or TDR (example: Interest Only and Payment Option 1<sup>st</sup> mortgage loans, TDR consumer loans not secured by real estate, loans held for sale)
3. Add column totals to the bottom of each section on Page 8 "Additional Delinquency Data".
4. Clarify Item #4 on Page 6 – "Number of Employees". While we have sought out and received clarification from the NCUA on this line item, the instructions do not clearly state that these counts should include employees of wholly owned subsidiaries. As such, it is my belief that other FIs are not accurately reporting this information, thereby creating a significant disparity in our efficiency ratios compared to other FIs.
5. Clarify Item #7 on Page 6 – "Transactional Website Usage". Instructions state "report the number of members using your transactional website" but it does not define within what time frame. Does a member who used it two years ago still count provided they are still a member?
6. Clarify what wholly owned CUSO data, aside from consolidated financials on BS and IS, should and should not be included in other areas of the report.

## Online Platform Functionality

1. Instructions are ambiguous.
  - a. It would be helpful to the credit union community to have clear, concise instructions which do not require extensive research and interpretation.
2. The 5300 Online input functionality needs improvement.



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- a. Often times the cursor will shift inside a cell causing input to get jumbled, often in dollar amount fields.
  - b. Happens when the user advances cells with a [Tab] key and then uses [Shift/Tab] to return to the prior cell to make a correction. For some reason the form jumbles the new input. This can easily lead to misstatements.
3. Manual input to NCUA online portal is inefficient
    - a. Currently all information is manually keyed into the online portal. The process would be more efficient and the data more controlled if the ability to upload data to the online portal existed.

## Section-by-Section Recommendations

### Member Business Loans and Business Purpose Loans

1. Member Business Loan (MBL) calculation is unnecessarily complex
  - a. MBLs are subject to a \$50,000 threshold before a business loan is considered reportable on the 5300. In cases of multiple business loans belonging to one member, only the business loan that takes the total balance over \$50,000 is considered to be reportable. Once a loan is considered reportable, it is reportable forever. This calculation is overly complex and is difficult to apply consistently, track over historical periods and validate at each reporting cycle.
2. Schedule A, Section 4 – Eliminate the following exclusion from Business Loan reporting:
  - a. “Loans to a member or an associated member which, when the net member business loans are added together, are equal to less than \$50,000”.
  - b. The tracking required for this “exclusion” is cumbersome without a benefit.
  - c. All references to specific dollar amount thresholds for inclusion/exclusion of reporting in this section are exceptionally challenging to track and report.
3. Schedule A, Section 4 – Do not include “non-owner occupied 1-4” in business loans.
  - a. No other regulatory agency considers these business loans, from a reporting perspective.
  - b. Owner occupied 1-4 are already excluded from the reporting in this section.

### Statement of Financial Condition

1. Investments - Remove investment maturity information and include it in supplemental information in Schedule B, Page 17

### Additional Shares/Deposits Information

1. Consider removing the level of detail required in this section; for example consider removing lines 26 & 27, Dollar amount of share certificates and IRA greater than \$100,000
2. Eliminate uninsured deposits field – not possible to accurately calculate



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### **Statement of Income & Expenses**

1. Combine lines 22 & 23, Office Operations and Office Occupancy Expense

### **Delinquent Loans by Collateral Type and Additional Delinquency Information**

1. Remove loan count table
2. Consider aligning the information on Page 7 from lines 1 - 10 to Statement of Financial Condition and reduce the level of detail required in this section
3. Consider streamlining the information required on Page 8 lines 11 – 27; level of detail required does not add significant value and can be consolidated

### **Loan Charge Offs and Recoveries**

1. Consider aligning the information on Page 9 from lines 1 - 10 to Statement of Financial Condition and reduce the level of detail required in this section
2. Consider streamlining the information required on Page 9 lines 11 – 26; level of detail required does not add significant value and can be consolidated
3. Consider eliminating lines 27-30

### **Liquidity, Commitments and Sources**

1. Line 2 - Consider eliminating this breakout of Agricultural related business loans and construction & Land development loans
2. Line 9 - Eliminate the level of detail and keep the total of lines of credit

### **PCA Net Worth Calculation**

1. Remove Line 7 breakout of retained earnings acquired through business combination

### **Schedule A – Specialized Lending**

1. Remove count and amount for loans granted YTD at this level of detail, suggest keeping it at the real estate portfolio level
2. Remove count information altogether
3. Section 1 –
  - a. Indirect loans, remove level of detail of lines 1a and 1b and combine into one line
4. Section 2
  - a. Remove the level of detail of closed end vs. open end in lines 6 to 9
  - b. Remove Lines 11 & 12 Interest Only & Payment Option details
  - c. Line 17 – calculating the loans contractually maturing in 5-years is a manual and time consuming process
5. Section 3
  - a. Line 5, combine lines
6. Section 4
  - a. Consider consolidating level of detail in misc. business loan information section
  - b. Remove line 10 to 12 information



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7. Section 5

- a. Consolidate the line items

**Schedule B – Investment, Supplemental Information**

1. Add maturing of investments information here and remove from page 1

**Schedule C – CUSO Information**

Add check to tie the total investment in CUSO to profile or remove information from one place.

**Schedule D – Derivative Transactions Report**

1. Streamline/combine the information on pages 20-22, remove the duplicate information