

August 15, 2016

Re: Comments on Call Report Initiative

I appreciate the opportunity to comment on the Call Report Initiative, and I appreciate Chairman Metsger's efforts, along with others at NCUA, to consider this subject and to invite comments.

Following are suggestions I would offer:

- 1) Balance the burden. There is a burden associated with each additional piece of information required in the call report. However, there is also a burden of frequent, on-site exams. If there are pieces of information that credit unions can provide that will help examiners do more off-site review and/or analysis that could extend the exam cycle and make the examination process more efficient, be sure to weigh those things against each other and find a good balance between the two.
- 2) Key ratios could be developed by NCUA to help examiners perform the off-site analysis. These key ratios could help identify trends in most of the CAMEL(S) components to give NCUA an "early warning system" and to assist in the possible extension of the exam cycle, benefiting both the NCUA and credit unions. This type of information, if readily available to credit unions, could be added to the call report.
- 3) Consider reducing the details in the current Statement of Financial Condition on pages 2 through 4 and gathering that data in separate schedules (cash on hand, investments, loans, etc.).
- 4) Align the loan types on the balance sheet (or in a separate schedule as recommended in 3) above) with the loan types in the delinquency schedule, the loan types in the loan loss schedule, and the loan types in the allowance for loan loss schedule. This consistency will help in calculating loss, delinquency, and allowance reserve ratios for each major loan type.
- 5) Combine the delinquency schedules (currently on pages 7 and 8) into one schedule and eliminate the count; keep only the dollar amounts.
- 6) Consider changing loan types (and delinquent and loss and allowance for loan loss data) for auto loans from "new" and "used" to "direct" and "indirect". From a credit risk perspective, direct and indirect have more risk distinction than new and used.
- 7) Provide much more detailed instructions to the call report. We consistently have questions on how to report items and we absolutely want to report them correctly, but we find the instructions are lacking and we are not aware of an established method or NCUA contacts to whom to submit questions.
- 8) Establish a formal process within NCUA to respond timely and accurately to questions relating to the call report. Designate proper, authoritative positions within NCUA to answer these questions and provide easily obtainable contact information (email, phone, etc.) so we know how to contact them.

- 9) Create an effective process that allows credit unions the opportunity to appeal if they feel they receive incorrect responses to call report questions.
- 10) Establish an ongoing improvement process whereby call report questions that are posed not only get resolved accurately and within reasonable timeframes but then follow that up with additions and/or clarifications to the existing call report instructions for each question.
- 11) Ensure that call reporting guidelines and instructions coincide with Generally Accepted Accounting Principles (GAAP). It would reduce our burden to have consistent accounting and reporting.
- 12) Provide more time for call report submission. With the ever-expanding call report, it is time to give more time to credit unions to complete and submit their reports. I recommend they be due on the 30th of the month following quarter end. The current reporting deadline is short enough that it can become a challenge. Such events as exams scheduled during that time period, unscheduled time off of key employees due to illness, etc. can cause undue burden on staff and the short deadline often makes it very difficult for key staff to take time off for very important personal events during that time period.
- 13) The Profile is quite detailed and can be burdensome to review and update. It seems to me that much of what is requested is not absolutely necessary and most of that information is not requested by bank regulators and they seem to get by without it. Reduce this down to the most critical data needed by NCUA and consider how critical it really is and how often NCUA actually uses the information.
- 14) Add a "save and continue" option so that certification is not required each time you change something in the Profile. Many times, when updating information in the Profile, one realizes he or she does not have all the information and there is a risk of timing out or inadvertently losing all the data already input. In this case, a save and continue (or save and finish later) option (or both) would be helpful.

Respectfully submitted by:

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