

August 10, 2016

Mr. Mark Vaughan
National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, Virginia 22314

Re: Request for Information on Modernizing Data Collection for Regulatory Oversight of Credit Unions

Dear Mr. Vaughan:

I am writing on behalf of SchoolsFirst Federal Credit Union (SchoolsFirst), which serves school employees in Southern California. We have more than 700,000 Members and over \$12 billion in assets. SchoolsFirst appreciates the opportunity to comment on your Request for Information on Modernizing Data Collection for Regulatory Oversight of Credit Unions.

Maturity of Investment

Currently the Weighted Average Life (WAL) calculation on *Callable fixed-rate debt obligations and deposits* is defined as period remaining to maturity date. Often the obligations and deposits are called far before the maturity date. SchoolsFirst recommends to update the calculation of the WAL on *callable fixed-rate debt obligation and deposits* to WAL according to industry standard, which is based on the remaining life to the called date.

Commercial Loan Reporting

The NCUA Board's final rule on Member Business Loans provided a new definition of a "commercial loan" as any credit a credit union extends to a borrower for commercial, industrial, agricultural, or professional purposes, with several specific exceptions. (12 CFR Part 723)

SchoolsFirst recommends that Commercial Loans be reported as a separate line item, on Page 2 in the Loans and Leases section, Page 7 Delinquent Loans by Collateral Type, Page 9 Loan Charge offs and Recoveries, Loan Loss Information Section, and Page 13 in the Specialized Lending Section 2 – Real Estate Loans and Lines of Credit.

This change would provide more transparent information for peer to peer comparisons and support NCUA's attempt to facilitate richer comparisons of CU and industry trends.

Foreclosed and Repossessed Assets Subsequent Measurement.

Currently the Call report requires that upon acquisition of foreclosed or repossessed assets, the assets should be measured at fair value less costs to sell and re-classified to Other Assets, with the difference of the recorded amount of the loan and the fair value charged to ALLL. SchoolsFirst agrees with this practice.

Subsequently, any *adjustments* to maintain held for sale foreclosed and repossessed assets at fair value, less costs to sell, should be reported on Page 5, line 29, Misc. Operating Expenses. Any gain or loss upon the disposition of fixed assets should be reported on Page 5, line 16, Gain (Loss) on Disposition of Fixed Assets.

U.S. GAAP is silent on which section in earnings the subsequent valuation shall be recorded, as long as it is recognized through earnings. Based on the current Call Report Instruction, through the life cycle of a foreclosed asset, the valuation adjustments are recorded in three different places, ALL upon acquisition, Misc. Operating Expenses during holding period, Gain or Loss upon sale. SchoolsFirst recommends to combine the subsequent valuation adjustment into Gain (Loss) on Sale to simplify the reporting for the foreclosed and repossessed assets.

Temporary Corporate Credit Union Stabilization Fund (TCCUSF)

SchoolsFirst recommends adding a new field "Accumulated TCCUSF assessments" on Call Report page 5 Statement of Income and Expense to capture the credit unions' paid accumulated TCCUSF assessments since inception of the fund.

Schedule D Derivative Transaction Report

The information on pages 20 and 21 (section 1 outstanding) are both related to Outstanding Derivatives at a point in time. Information is duplicated on both pages, such as "Total Notional Amount", "Net Fair Value Gain". SchoolsFirst recommends to eliminate page 20, and add "Fair Value of Derivatives in a Gain Position" column and "Fair Value of Loss Position" column to Page 21 in order to remove the duplicate information.

CU Profile Requirement

CU Profile currently requires credit unions to update their profile within 10 days after the election or appointment of senior management or volunteer officials, or within 30 days of any change of the information in the profile. SchoolsFirst recommends to align both change requirements to 30 days to allow for one monthly board meeting cycle.

Reporting System Issues

Multi-use edit ability. Currently, the online reporting system allows only one user to make edits. This creates a significant inconvenience in our reporting process. SchoolsFirst recommends enabling the system to accept edits from multiple users. This will allow edits on different sections of the report to occur simultaneously, significantly enhancing credit unions' ability to finalize the report on a more efficient and timely basis.

Recurring warning codes. We observe some recurring warning codes each quarter, to which SchoolsFirst provides the same responses. We recommend that the criteria of warning codes be dynamic or reassessed, and updated if needed. For example, Call Report warning code E0944, number of the full time credit union employees is great than 500, or the number of part time credit union employees is greater than 100. Due to our size, we've been prompted for the warning code each quarter with the same responses. For CU Profile warning code E067 Payment System Service Program, since we do not use a

corporate credit union for payment system services, the warning code is prompted with the same response each quarter.

Thank you for the opportunity to comment on this request for information. We feel that our feedback and recommendations will minimize the burden on reporting FICUs while enhancing richer comparisons of FICU data.

Sincerely,



Robin Turner
Vice President Controller

Cc: Credit Union National Association (CUNA)
California/Nevada Credit Union League (CCUL)

