

# NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION**  
1775 DUKE STREET, ALEXANDRIA, VA 22314

**DATE: December 2, 1997**

**LETTER NO. 97-CU-11**

## **DEAR BOARD OF DIRECTORS:**

As part of our effort to keep you informed about the Call Report process, we are advising you of changes that will appear in the 1998 Call Report, Forms 5300 and 5300S. These changes will be in effect for all reporting cycles in 1998. No other changes are anticipated until 1999.

The Call Report modifications for 1998 are as follows:

1. The Loan Information Schedule on page 4 will include line items for credit card delinquency and charged-off credit card balances.
2. The bankruptcy information line items on the Miscellaneous Information Schedule on page 5 will be moved to the Loan Information Schedule on page 4. There will be an additional line item for this area requesting "*Loan charge-offs due to bankruptcy.*"
3. The Miscellaneous Information Schedule will include the following changes:
  - The PC 5300 programs will feature two new drop-down menus for these line items:
    - Name of primary share and loan information processing vendors.*
    - Name of private share insurance companies that provide the credit union with share deposit insurance in addition to the NCUSIF.*

The drop-down menus will standardize the available responses for these areas. They will also contain an override option in case the list of names is not all-inclusive.

- Three line items are being added requesting the status of credit union involvement in providing electronic financial services on the Internet. These questions will survey the following areas:
    - World Wide Website Address;
    - E-Mail address; and
    - Is the credit union's Website interactive? (Does the Website allow users to download statements, transfer money, pay bills, etc.?)
  - The instructions for *Number of Potential Members* will be more specific and will indicate that this amount must be reasonable and supportable.
4. On Schedule E - Borrowings, the line items "*Promissory Notes*" and "*Other Notes and Interest Payable*" will be consolidated into one line item.
  5. On Schedule F - Savings, credit unions will be requested to report the most common dividend rate for the share type *All Other Shares*.
  6. On Schedule C - Investments, the following line items will be removed from both the state and federal call reports:
    - Line 15, *Stripped Mortgage Backed Securities*.
    - Line 16, *Residuals Derived from CMOs and REMICs*.
  7. On Schedule C - Investments, the following line items will be added to the federal credit union call report only. These items reflect changes in the newly revised Part 703 of the NCUA Rules and Regulations which are effective January 1, 1998.
    - *Total of Deposits and Shares Meeting the Requirements of Section 703.70(a)*. Instructions will read: *Report total holdings in shares and deposits with maturities greater than 3 years; or with embedded options (calls, puts, caps, and floors); or where the coupon formula is related to more than one index, or is inversely related to an index, or is a multiple of an index.*
    - *Total of Securities Meeting the Requirements of Section 703.90(b)*. Instructions will read: *Report total holdings in securities with maturities greater than 3 years; or with embedded options (calls, puts, caps, and floors); or where the coupon formula is related to more than one index, or is inversely related to an index, or is a multiple of an index.*

- *Market Value Devaluation of Portfolio at a 300 Basis Point Shock.* Instructions will read: *Applies only to federal credit unions if the amount of securities meeting the requirements of Section 703.90(b) (as reported in item \_\_ above) exceeds net capital. Report the aggregate market value devaluation for a 300 basis point parallel shock in the yield curve.*
8. The following changes will be made to page 1 of the Statement of Financial Condition for both the state and federal call reports:
- Line 12 will be changed to add: *Total of Membership Capital Share Deposit and Paid-In Capital of Corporate Credit Unions.* Instructions will read: *Report the total of both the Membership Capital Share Deposit and Paid-In Capital at a Corporate Credit Union as defined in Section 704.2 of the NCUA Rules and Regulations. The Membership Capital Share Deposit (MCSD) may also be called the Permanent Capital Base (PCB) or Permanent Capital Shares (PCS).*
- This item will automatically flow to Line 8, “Investments *Not* Subject to SFAS 115” on Schedule C - Investments. It will be reflected in the 3 to 10 year maturity category to comply with the notice requirements of Section 704.2 of the NCUA Rules and Regulations.
- A new line 13 will record “*All Other Investments in Corporate Credit Unions,*” and other lines will be renumbered accordingly. This line will continue to flow to Line 8 on Schedule C - Investments in the less than 1 year maturity category.

Thank you for your attention to these modifications.

For the National Credit Union Administration Board,

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/S/  
Norman E. D’Amours  
Chairman

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