

5300 Call Report

Frequently Asked Questions

General Questions

- 1. How long must I keep copies of the 5300 Call Report?**
NCUA Rules and Regulations Part 749 of the NCUA Rules and Regulations requires credit unions to keep either a hard copy or an electronic copy in their permanent records.
- 2. Do I have to certify my Profile before I correct a 5300 Call Report?**
No.

Statement of Financial Condition – Assets (pages 1-2)

- 3. Why won't the Call Report permit me to enter a negative (credit) balance for "Cash on Hand"? [Account 730A]**
"Cash on Hand" means coin, currency, and cash items on hand. It is not possible to have negative cash on hand.
- 4. Why do the Call Report instructions direct us to report multi-coupon instruments (step-ups) based on period remaining to maturity rather than the next step-up date?**
This data feeds into the credit union's Risk Based Net Worth (RBNW) calculation. For PCA purposes, step-ups are risk-weighted at the period remaining to maturity. (NCUA RR Part 702)
- 5. Why do the Call Report instructions direct us to report FHLB stock in the "greater than 1 year, but less than or equal to 3 year" category? There is a 5 year notice requirement from the FHLB.**
This data feeds into the credit union's Risk Based Net Worth (RBNW) calculation. For PCA purposes, FHLB stock is risk-weighted at 6% (>1-3 year maturity). (NCUA RR Part 702)
- 6. Can I report loans, other than real estate loans, "Loans Held for Sale"? [Account 003]**
Yes.
- 7. Where should credit unions report overdraft protection program advances (also referred to as bounced-check protection and courtesy pay)? [Account 397]**
You should report these advances under "All Other Unsecured Loans/Lines of Credit."
According to FFIEC guidance, when the credit union pays overdrafts, credit is extended. You should report overdraft balances as loans. Accordingly, you should charge off overdraft against the Allowance for Loan and Lease Losses.
- 8. Why won't the call report software permit me to enter a debit balance for "Allowance for Loan & Lease Losses"? [Account 719]**
A debit ALLL balance does not comply with GAAP guidelines and is contrary to the concept of an evaluation allowance for probable estimable losses.
- 9. If a credit union repossessed collateral and has written it down to fair value (less cost to sell), is it reported as delinquent on the call report? [Account 798A]**
No. The credit union should write down the repossessed collateral to fair value (less cost to sell) at the time of repossession. If the credit union intends to sell the repossessed collateral, you should move it out of loans and into "Foreclosed and Repossessed Assets." There should be no delinquency balance remaining on the books when moved because of the write down.

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10. In the instructions for "Foreclosed and Repossessed Assets," you refer to "long-lived assets." What is a "long-lived asset?" [Account 798A]

GAAP does not define "long-lived assets." Presumably, they are depreciable assets (automobiles, equipment and real estate) with a useful life in excess of one year. An asset whose future benefit is expected for a number of years is also called long-term asset.

11. How do we treat lines of credit when reporting loans granted year-to-date? [Accounts 031A, 031B]

Report 1 loan granted year-to-date for any line of credit (including credit card loans) that has an advance on it in that year. The credit union will either report "1" (one or more advances in that year) or "0" (no advances in that year). The amount reported would include all advances in that year.

Statement of Financial Condition – Liabilities, Shares and Equity (pages 3-4)

12. We implemented sweep programs involving share draft accounts and money market accounts. Funds are swept between two subaccounts, a share draft subaccount and a money market subaccount. Depending on the balances in the two subaccounts on a particular day, we shift funds from the share draft subaccount to the money market subaccount or vice versa. How should we report these sweep accounts on the Call Report?

You must report funds where they reside as of the cycle end date. Report share draft subaccount balances as share drafts. Report money market subaccount balances as money market shares.

13. We have an available line of credit at the FHLB based on percentages of our stock ownership and real estate loan portfolio. How do we report this? [Accounts 883C, 881]

The FHLB has various borrowing programs. In the case of a line-of-credit, report outstanding balances on page 3, line 1 - Draws Against Lines of Credit and report the total credit line on page 10, line 7a - Total Credit Lines.

Statement of Financial Condition – NCUA Insured Savings Computation (page 4)

14. What do I report in the NCUA Insured Savings Computation section on page 4?

Report only the amount of uninsured shares and deposits. Do not include notes payable or other forms of borrowings.

Income and Expense (page 5)

15. For financial reporting purposes, may credit unions net ATM fees and ATM expenses on the Call Report or must they report gross ATM income and gross ATM expense in the corresponding income and expense lines of the Call Report?

A credit union must report gross ATM income in the income section of the income statement and ATM expenses in the expenses section of the income statement. You should not net the ATM income and expenses.

16. Where do low-income designated federal credit unions report interest on deposits? It is not under "Interest on Deposits" because this only applies to SCUs. [Account 380]

You should report interest on deposits under "Dividends on Shares." The Federal Credit Union Act authorizes low income designated FCUs to receive shares, share drafts, and share certificates

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from nonmembers. The FCU Act refers to these as shares, not deposits. We maintain the same nomenclature in the Call Report. (FCU Act 107(6))

Miscellaneous Information (page 6)

17. If a credit union member has multiple accounts should these additional accounts count towards the number of current members?

No. You should count only each member once, regardless of the number of accounts held by a particular member.

Delinquent Loans (pages 7-8)

18. How does a credit union with a member business loan that has real estate as the collateral, report it on the delinquent loan schedule? Is there double counting?

The credit union would first report the loan in the applicable real estate delinquency category. You would then report the same loan balance in the appropriate member business loan category on page 8 "Additional Delinquency Information." The totals entered on this page do not count as delinquency totals for aggregate credit union delinquency.

Loan Charge Offs and Recoveries (page 9)

19. How does a credit union with a participation loan that has real estate as the collateral, report it on the Loan Charge offs and Recoveries schedule? Is there double counting?

The credit union would first report the balance of the loan charge off in the applicable real estate category directly under the heading titled Loan Loss Information. You will report the same loan balance on line 8 – Participation Loans. This line is one component of supplemental reporting under the Additional Loan Loss Information heading. The totals entered under this heading do not count as additional charge off totals for aggregate credit union charge offs.

Liquidity, Commitments and Sources (page 10)

20. We offer a courtesy pay program where we do not return a member's NSF check to the depositor but instead charge the member the NSF fee and give them a number of days to make it good. There is no specific amount committed to a member for which we will do this. How do we determine the amount of unfunded overdraft protection program commitments? [Account 822]

NCUA Rules and Regulations 701.21(c)(3) requires credit unions to establish a cap on the total dollar amount of all overdrafts the credit union will honor. FFIEC guidance requires the establishment of well-defined and properly documented dollar limit decision criteria. Credit unions should report their cap amount minus any outstanding advances. (NCUA RR Part 701.21(c)(3); FFIEC Joint Guidance on Overdraft Protection Programs)

21. The instructions for "Loans Transferred with Recourse" tell us not to include loan participations transferred with substantial recourse. Why? [Account 819]

If you transfer a loan with "substantial recourse" per GAAP, the credit union is required to keep the loan on its books. You would record a loan, but no contingent liability.

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- 22. If a credit union uses an open-end loan form (such as Loanliner) for secured loans, is the difference between the approved limit and the outstanding balance reportable as an unfunded commitment? [Account 816]**

Yes. Credit unions using open-end loan forms should report the difference between approved limits and outstanding balances under “Other Unfunded Commitments.”

PCA Net Worth Calculation Worksheet (page 11)

- 23. How can the optional Total Assets Elections on lines 10-12 benefit a credit union?**

By using one of the optional total assets elections as the denominator in the net worth calculation, a credit union may receive a higher net worth ratio. As a result, a credit union could improve its net worth position to above 7% and not be subject to PCA requirements if the standard net worth calculation is below 7%.

Standard Components of Risk Based Net Worth Requirement (RBNW) (page 12)

- 24. Are all credit unions subject to the RBNW requirement?**

No. A RBNW requirement is only applicable for those credit unions with assets greater than \$10 million and a RBNW requirement greater than 6%.

Schedule A – Specialized Lending (pages 13-15)

- 25. When reporting the number and amount of loans outstanding on the real estate loan schedule, do we report based on original maturity, remaining maturity, or period remaining until next adjustment?**

Report fixed-rate loans based on original maturity. Report balloons/hybrids based on the period the original interest rate remains fixed. Report adjustable-rate loans based on the adjustment period.

- 26. Should I report "table funded" loans as loans sold in the secondary market? [Account 736]**

No. Loans that are not funded by the credit union and at settlement are assigned to the party advancing the funds should not be reported as loans sold. (See NCUA RR Part 760 for a definition of table funded loan.)

- 27. If a credit union participates out real estate loans, should I report the portion participated out as sold but serviced by the credit union? [Account 779A]**

Yes. You should report the loan as sold but serviced as long as the credit union still services the loan.

- 28. Account 712 captures the amount of real estate loans outstanding that will contractually refinance, reprice or mature within the next 5 years. Do I also report real estate loan cash flows over the next five years on loans not refinancing, not repricing or not maturing in the next 5 years? [Account 712]**

No. Account 712 is used to calculate the amount of long-term real estate loans for Risk Based Net Worth (RBNW) purposes. NCUA Rules and Regulations Part 702.104(a) defines “long-term real estate loans.” The definition does not exclude near-term cash flows on long-term real estate loans. NCUA also uses account 712 in the net long-term assets calculation. Reporting cash flows on long-term real estate loans results in an underreporting of the credit union’s RBNW requirement and ratio of net long-term assets.

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- 29. Account 718A asks for the portion reported as real estate loans on the real estate loan schedule, which are also reported as business loans on the business loan schedule. Account 718 asks for the portion reported as real estate loans on the real estate loan schedule which are business purpose loans that qualify for RBNW. Do these accounts capture the same thing? [Accounts 718A, 718]**

No. Account 718A captures real estate secured business loans based on the regulatory definition and NCUA uses this number to calculate net long-term assets. Account 718 captures real estate secured business loans that qualify for RBNW. NCUA uses this field to calculate a credit union's RBNW requirement. (Refer to NCUA RR Part 702 for a discussion of business loans as they relate to PCA).

- 30. A credit union has \$35,000 in business purpose loans to a member and makes a \$40,000 business purpose loan to the same member. How much does the credit union report as a member business loan -- \$40,000, \$35,000, or \$75,000? [Account 400A]**

\$40,000, and the credit union would comply with all of the requirements of Part 723 in making this loan because the loan caused the aggregate amount of business purpose loans to the member to exceed the \$50,000 threshold in NCUA Rules and Regulations Part 723.1(b)(3).

- 31. The instructions for Account 400 (loans and participation interests qualifying for RBNW) indicate we should include portions of business loans that are guaranteed by any agency of the federal government, a state or any political subdivision of such state. However, based on the regulatory definition, these guaranteed portions are excluded as business loans. Do the Call Report instructions conflict with each other? [Account 400]**

No, the instructions are accurate. Loans fully guaranteed by a federal or state agency are not considered member business loans, and would not be reported in Account 400. However, if the loan is partially guaranteed (such as SBA loans), the portion that is partially guaranteed is excluded from the regulatory net business loan balance, but included for RBNW purposes. The loan must meet the regulatory \$50,000 threshold before the credit union reports it as a member business loan, or reports it for RBNW purposes. Once a loan is a member business loan, the outstanding balance of the loan (including any guaranteed portions) must be risk-weighted until the member pays off the loan. (NCUA RR Part 702)

- 32. When a credit union purchases participation loans with or without recourse, the outstanding amounts purchased are recorded on lines 619B1 (Purchased with recourse) and 619B2 (Purchased without recourse). The aggregate total automatically flows to Total Participation Loans Purchased (Acct 691B). What other line items must I complete to ensure no errors occur?**

You must complete applicable fields for accounts 691L1-691L7 under the Purchased Outstanding on Financials Statements heading. The Total Participations Outstanding (Acct 691L) must equal the balance recorded for Total Participation Loans Purchased (Acct 691B) for no errors to occur with loan participations purchased.

- 33. When a credit union sells participation loans with or without recourse, the outstanding amounts sold are recorded on lines 619E1 (Purchased with recourse) and 619E2 (Purchased without recourse). The aggregate total automatically flows to Total Outstanding Participation Sold (Acct 691E). What other line items must I complete to ensure no errors occur?**

You must complete applicable fields for Accts 691N1-691N7 under the Sold Outstanding on Financials Statements heading. The Total Amount Sold Outstanding (Acct 691L) must equal the

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balance recorded for Total Outstanding Participation Loans Sold (Acct 691E) for no errors to occur with loan participations sold.

Schedule B – Investments, Supplemental Information (page 16)

34. Once an investment passes the last call date, do I still report it as an investment with an embedded option? [Account 786A]

No. Once the final call passes, the investment no longer has an embedded option associated with the call feature. (NCUA RR Part 703.2 and 703.12(b))

35. Are CDs purchased through the SimpliCD program reported as brokered CDs on the Call Report? [Account 788]

Yes. SimpliCDs are not direct purchases and therefore should be reported as brokered CDs.

Schedule C – Credit Union Service Organization (CUSO) Information (page 17)

36. What is an EIN (Employer Identification Number)?

An Employer Identification Number (EIN) is a number issued to a business by the Internal Revenue Service. It is a nine digit number formatted as ## - #####. If you don't know the CUSO's tax ID number, you should contact the CUSO. You should not use someone's social security number as the Employer ID number.

37. Does my CUSO have an Employer ID Number?

State regulations may vary, but under NCUA Rules and Regulations Part 712, a CUSO that is owned or invested in by a Federal Credit Union must be organized as a corporation, limited liability company or limited partnership. These IRS requires these types of corporate entities to have an EIN. The IRS permits a sole proprietorship or a self-employed individual to use a social security number as an EIN.

38. What percent of controlling interest defines a credit union as having a wholly owned CUSO?

50% or more of the voting stock of the CUSO.