

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: March 2011 **LETTER NO.:** 11-CU-02
TO: Federally Insured Credit Unions
SUBJ: Call Report Modifications
ENCL: Changes to the NCUA 5300 Call Report,
Effective March 2011

Dear Manager and Board of Directors:

The March 31, 2011 Call Report includes new fields that will assist with the analysis and evaluation of credit unions. This new data will further enhance NCUA's ability to effectively monitor and supervise the risk to the National Credit Union Share Insurance Fund (NCUSIF). As a result, stronger off-site supervision will minimize losses and costs for all federally insured credit unions.

One of the most significant changes to the Call Report is the additional detail presented in the Business Lending section of Schedule A, Specialized Lending. Previously, business loans were reported primarily on two lines: member business loans and purchased business loans or participation interests to nonmembers. Beginning with the March 2011 cycle, member business loans and business loans to nonmembers are each separated into nine different categories. These categories include the supplemental information formerly reported under the two main business loan classifications -- such as construction and development, unsecured, and agricultural related business loans. This change will allow Call Report users, including regulators, to quickly assess whether credit unions holding business loans have a concentration in one or more categories.

Another significant change impacts the reporting of off-balance sheet commitments on the Liquidity, Commitments and Sources page of the Call Report. For each type of unfunded commitment, both the amount committed directly by the credit union and the amount committed through a third party (indirect) will be reported. It is important to note that the term "indirect" applies to relationships in which third party vendors perform lending activities on the credit union's behalf and not solely to vehicle loans originated through auto dealers.

In addition to the changes to the business lending and outstanding commitments sections, there are several other important changes for the March 2011 cycle of which you should be aware when completing the Call Report. A complete list of all Call Report changes is included in the Enclosure and on NCUA's website at: <http://www.ncua.gov/DataServices/Data/5300/11March/March2011CallReportFormandInstructions.pdf>

The NCUA Technical Support Desk is available to answer any hardware or system questions and assist credit unions with retrieval of user names and passwords at 1-800-827-3255.

We appreciate your cooperation in helping us improve the accuracy and efficiency of our Call Reports to better protect the safety and soundness of the credit union system.

Sincerely,

/S/

Debbie Matz
Chairman

Enclosure