

CUNA/League
2017 Credit Union
Exam Survey Report

February, 2018

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INTRODUCTION

The 2017 CUNA/League Exam Survey was conducted by the Market Intelligence department of Credit Union National Association (CUNA) in conjunction with CUNA's Policy division.

The purpose of the study is to:

- Measure credit union CEOs' overall satisfaction with their exam, several aspects of the exam team's performance, and the team's dealings with the credit union's volunteers.
- Determine CEOs' agreement with nearly 25 individual statements related specifically to the examination process.
- Identify the extent to which, if any, examiners raised issues concerning over 45 different examination areas relating to:
 - Safety and soundness,
 - Compliance with deposit-related regulations and statutes,
 - Compliance with credit-related regulations and statutes,
 - Fair lending compliance, and
 - Bank Secrecy Act (BSA) compliance.
- Make comparisons between examiners' 2017 performance evaluations and the evaluations recorded in prior Exam Survey studies. For purposes of comparison, differences in average rating scores of two-tenths (.2) of a point, or differences in percentages of over five (5) percentage points, are indicative of meaningful changes in attitudes, exam-related events and outcomes, etc.
- This year, questions were added to have credit unions evaluate NCUA general operations, and give suggestions for changes with NCUA. We also measured credit union readiness for continuous NCUA supervision.

The three parts of this report are:

Survey methods, respondent profile, and map of NCUA regions. This section provides a description of the data-collection methods employed for the study, as well as an attribute comparison of the credit unions that participated in the 2017 Exam Survey and those that comprise the actual population of U.S. credit unions. It also includes a map identifying which states comprise each of the five NCUA regions.

Key findings. This portion of the report highlights the most notable findings that surface from the analysis of the results.

Results. This section contains text and graphs that describe the survey findings in more detail.

SURVEY METHODS, RESPONDENT PROFILE & NCUA REGION MAP

In December 2017 and January 2018, a series of e-mails were sent to 5,115 credit union CEOs urging them to complete the CUNA Exam Survey for their most recent exam. By the end of the data-collection period, CUNA received 741 responses, for a 14% response rate. This is slightly higher than the 11% response rate from the previous year's study.

The table below compares the survey respondent profile to that of all U.S. credit unions. The distribution of responding credit unions is very similar to that of the population in terms of net worth ratio. However, responding credit unions are predominantly federally chartered – opposite of what is true nationally. Responding credit unions are also somewhat larger than all US credit unions – 33% of responding credit unions have more than \$100 million in assets compared to 27% of the population. Nevertheless, there was strong response across all asset sizes.

Because larger credit unions were more likely to participate, the percentage of responses coming from single common bond credit unions was lower than the population, and community charters were more heavily represented.

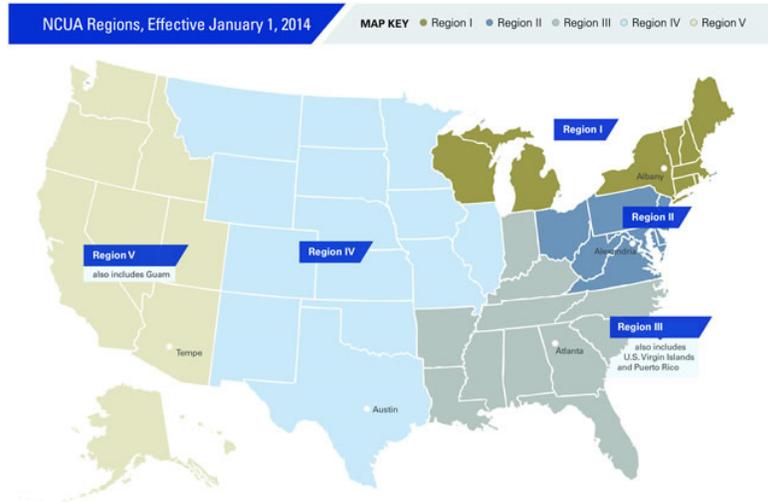
RESPONDENT PROFILE		
	Survey Respondents	All U.S. Credit Unions
Number of Credit Unions	741	5,757
Charter		
State	39%	61%
Federal	61%	39%
Field of Membership		
Single common bond	23%	33%
Multiple common bond	29%	31%
Community	48%	36%
Asset Group		
\$25 million or less	42%	45%
\$25 million to \$50 million	14%	14%
\$50 million to \$100 million	11%	13%
\$100 million to \$500 million	21%	18%
\$500 million to \$1 billion	5%	4%
\$1 billion or more	7%	5%
Net Worth Ratio		
Less than 6.00%	1%	1%
6.00% to 6.99%	2%	2%
7.00% to 9.99%	37%	32%
10.00% or greater	60%	66%

For purposes of the analysis, we have adjusted for the over-representation of large credit unions by weighting* the data so that the percentage of credit unions in each asset group is identical to the actual asset-size distribution based on the national statistics for credit unions.

*Weighting is a standard survey-analysis procedure designed to increase the reliability of the survey results. This was done to ensure that the results were not unnecessarily skewed by a specific group of respondents.

Finally, individual NCUA regions may, from time to time in this report, be referenced and identified as being more (or less) likely than others to engage in a particular examination activity, performing somewhat above (or below) the other regions for a specific performance aspect, etc. The following is a map identifying which states comprise each of the five NCUA regions.

NCUA Regions



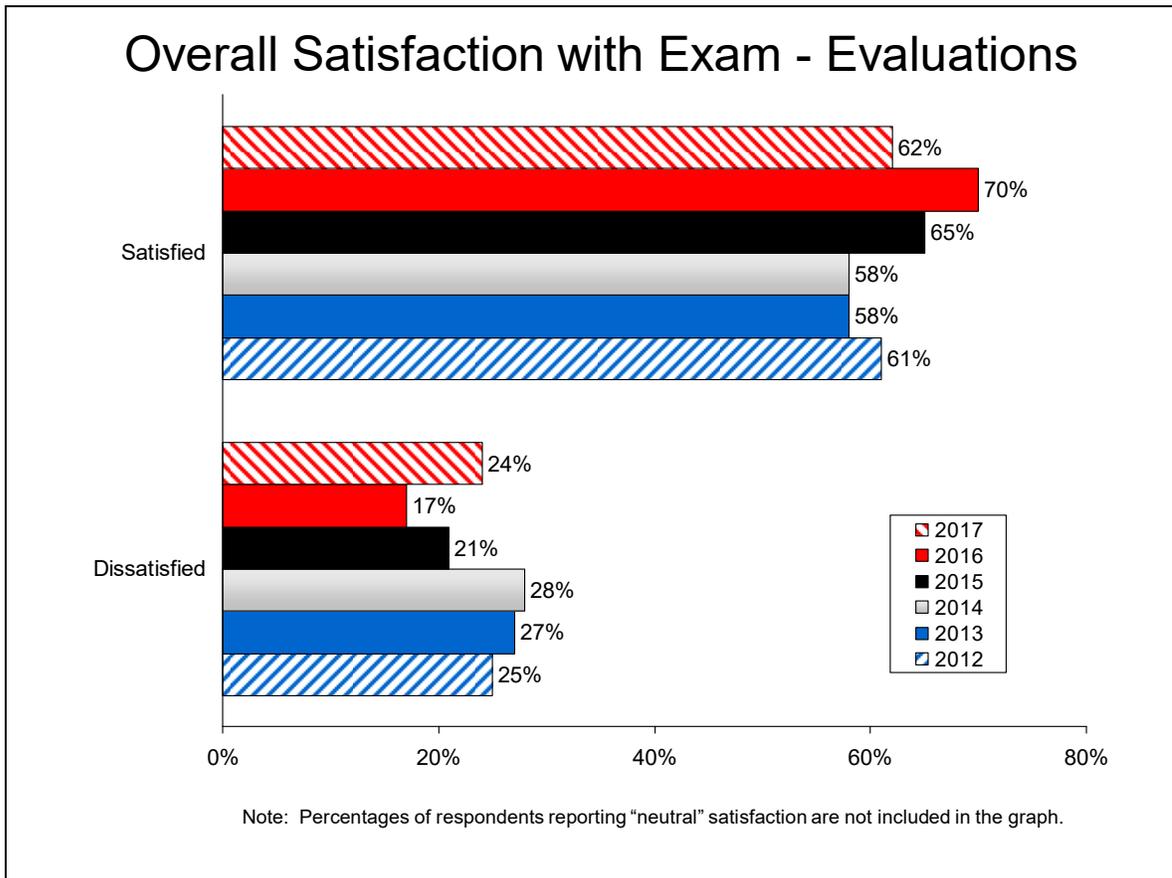
States Comprising Each NCUA Region

1	2	3	4	5
CT	DE	AL	CO	AK
ME	MD	AR	IL	AZ
MA	NJ	FL	IA	CA
MI	OH	GA	KS	HI
NH	PA	IN	MN	ID
NY	VA	KY	MO	NV
RI	WV	LA	MT	OR
VT	DC	MS	NE	UT
WI		NC	NM	WA
		SC	ND	
		TN	OK	
			SD	
			TX	
			WY	

Source: NCUA

KEY FINDINGS

- Credit unions' average overall satisfaction score for their 2017 exam process and results comes in at 3.6 on a 5-point scale, where 5.0 represents "very satisfied" and 1.0 represents "very dissatisfied." This year's 3.6 score is down from 3.8 in 2016, but identical to 2015's score of 3.6. The current score remains higher than 3.4 recorded in 2014 and 2013. (A two-tenths [.2] of a point difference is considered meaningful.)
- Credit unions that are satisfied with their exam/results outnumber those that are dissatisfied by more than 2.5 times. However, the percentage of credit unions dissatisfied with their exam (24%) continues to raise concerns. In our years of conducting satisfaction research, a credit union having more than 10% of its members being "dissatisfied" would be considered unusual and below-the-norm performance.



In studies CUNA has conducted nationally – of both credit union members and of credit union CEOs – generally, no more than 9%, and as few as 3%, of members and credit union CEOs are "dissatisfied" with their experiences with their credit unions and CUNA, respectively.

- As was true in the studies in the past few years, there are no meaningful differences in the overall satisfaction between credit unions with state-only exams, those with NCUA-only exams, and those that had joint exams.
- Credit unions are somewhat more impressed with examiners' professionalism and objectivity compared to prior years. Their perceptions from 2016 still hold on examiners' helpfulness and fairness. The improvements in the ratings of examiners' interactions with volunteers that were noted last year have also upheld this year.
- Credit unions with state-only exams tend to provide slightly higher evaluations than do those with NCUA-only exams, when it comes to the various "exam team" and "dealings with volunteers" performance items we studied.
- Consistent with results from past years, the vast majority – three-fourths – of credit unions' CAMEL ratings remained the same from the prior year. At the same time, we find that the percentage of credit unions that had improved CAMEL ratings roughly equals the percentage with declining ones. The gap between credit unions having their CAMEL ratings "improve" and those having theirs "decline" in 2016 (at 8 percentage points – 17% vs 9%) was the largest ever recorded. This may, at least in part, account for the decline in overall satisfaction that was noted above.
- As noted in our previous report, continued improvement in the U.S. economy has buoyed credit union operating results. That trend is reflected in the percentage of credit unions under some form of written agreement. In 2017, as in 2016, 25% are under at least one such agreement – which compares favorably to earlier studies. In 2015, 32% were under at least one written agreement and in 2014 the percentage was 41%. Documents of Resolution (DORs) account for the bulk of the written agreements.
- Upon reviewing nearly 25 issues that could arise during the course of an examination, examiners are deemed to be performing best in the following five areas:
 - Examiner/exam team was knowledgeable about key safety and soundness issues, and regulatory requirements,
 - Examiner/exam team gave management the opportunity to comment/respond prior to sharing results with the board,
 - Examiners are not reluctant to take the time to meet and have a sit-down discussion of preliminary exam findings prior to the exit meeting,
 - Examiner/exam team was knowledgeable about your credit union, and
 - Examiner/exam team was flexible and open to discussion and exchange of perspectives with credit union staff.
- The exam areas from the aforementioned list that are identified by credit union CEOs as being most in need of attention and/or improvement include the following:
 - Heavier regulatory/exam requirements are not putting increasing pressure on credit union resources,
 - Examiner/exam team had not applied "guidance" as if it were enforceable regulation,
 - Examiner/exam team have not applied "best business practices" as a regulatory standard,
 - Examiners are not "covering" themselves,
 - Team examinations have not complicated the process, and
 - Items are not appearing in DORs that used to be handled more routinely.

- When asked to rate the NCUA's overall performance on *all operations* – not just when it comes to exams – credit unions mostly say it is “good” to “excellent” (58% rate NCUA as “good” or higher). There is also a rather high percentage that stay neutral on this evaluation – 34% do so. Just 8% rate NCUA as poor to any extent.
- The smallest and the largest credit unions give NCUA higher ratings on its overall performance than do mid-size credit unions. Credit unions with \$100 million to \$500 million in assets tend to be the most critical when looking at the results by asset size.
- Credit unions in NCUA Region 5 are also more critical of NCUA's overall performance than are those in other regions, with an average score of 3.4 compared with the overall average of 3.6. The other regions have average scores of 3.5 to 3.7.

This year, we also asked two questions in which credit unions could offer suggestions for NCUA: 1) what one change NCUA could make to improve its overall operations and interactions with credit unions, and 2) what one specific/realistic/achievable change in current NCUA regulations would have the most beneficial effect in helping credit unions better serve members without sacrificing system safety and soundness. The responses to these questions can be found in the appendix of the full report.

- When it comes to having electronic documentation available for NCUA continuous supervision, a total of 58% of credit unions overall say that 75% or more of the documentation needed for exams is currently available/accessible electronically.
- As might be expected, credit unions with assets under \$50 million tend to have less of their documentation available electronically – 45% to 60% have no more than half of their documentation in electronic format.
- A total of 60% of credit unions with assets of \$100 million or more – and 78% of those with assets of \$1 billion or more – say they have 90% or more of the documentation needed for exams available electronically.

RESULTS

OVERALL SATISFACTION WITH EXAM

- Credit unions' average overall satisfaction score for their 2017 exam process and results comes in at 3.6 on a 5-point scale, where 5.0 represents "very satisfied" and 1.0 represents "very dissatisfied." This year's 3.6 score is down from 3.8 in 2016, but identical to 2015's score of 3.6. The current score remains higher than 3.4 recorded in 2014 and 2013 (Figure 1). (A two-tenths [.2] of a point difference is considered meaningful.)

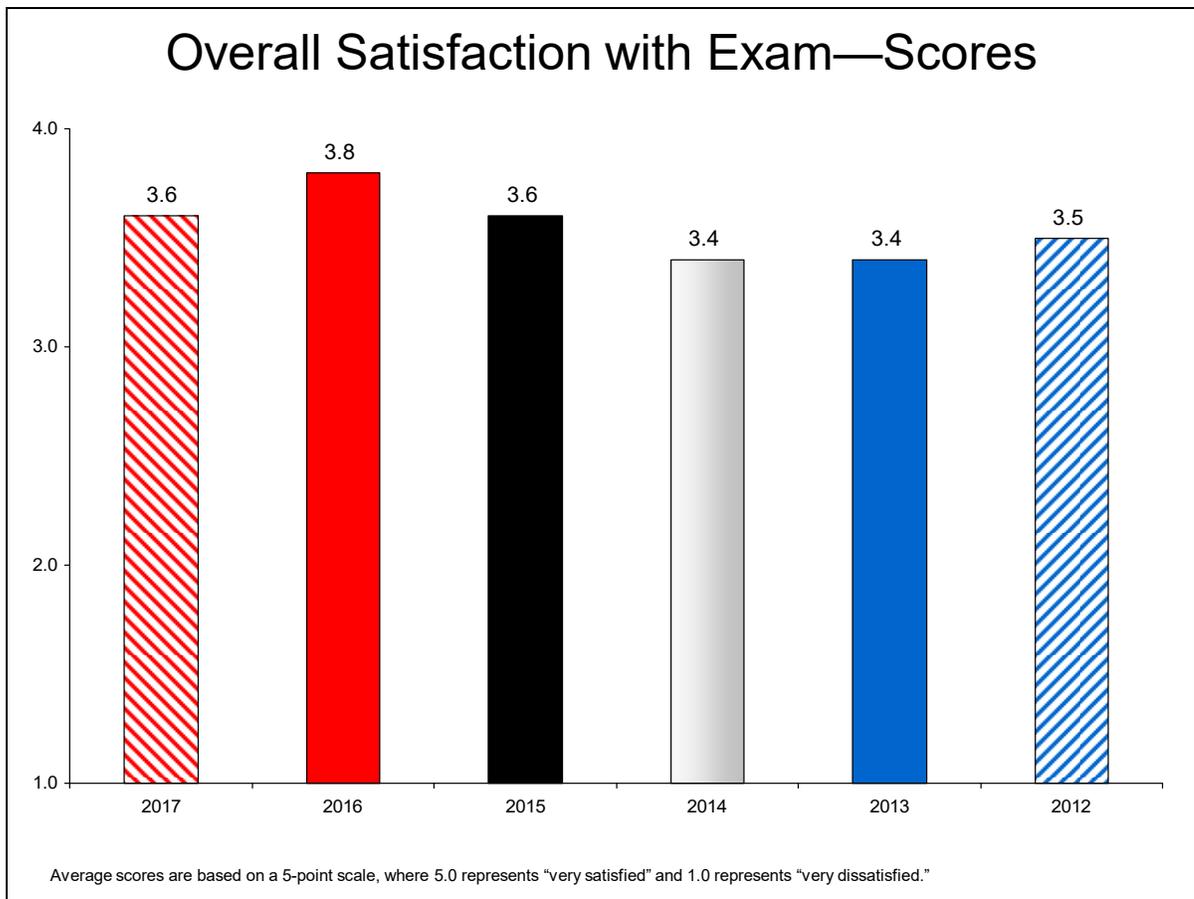


Figure 1

- Credit unions that are satisfied with their exam/results outnumber those that are dissatisfied by more than 2.5 times (Figure 2).

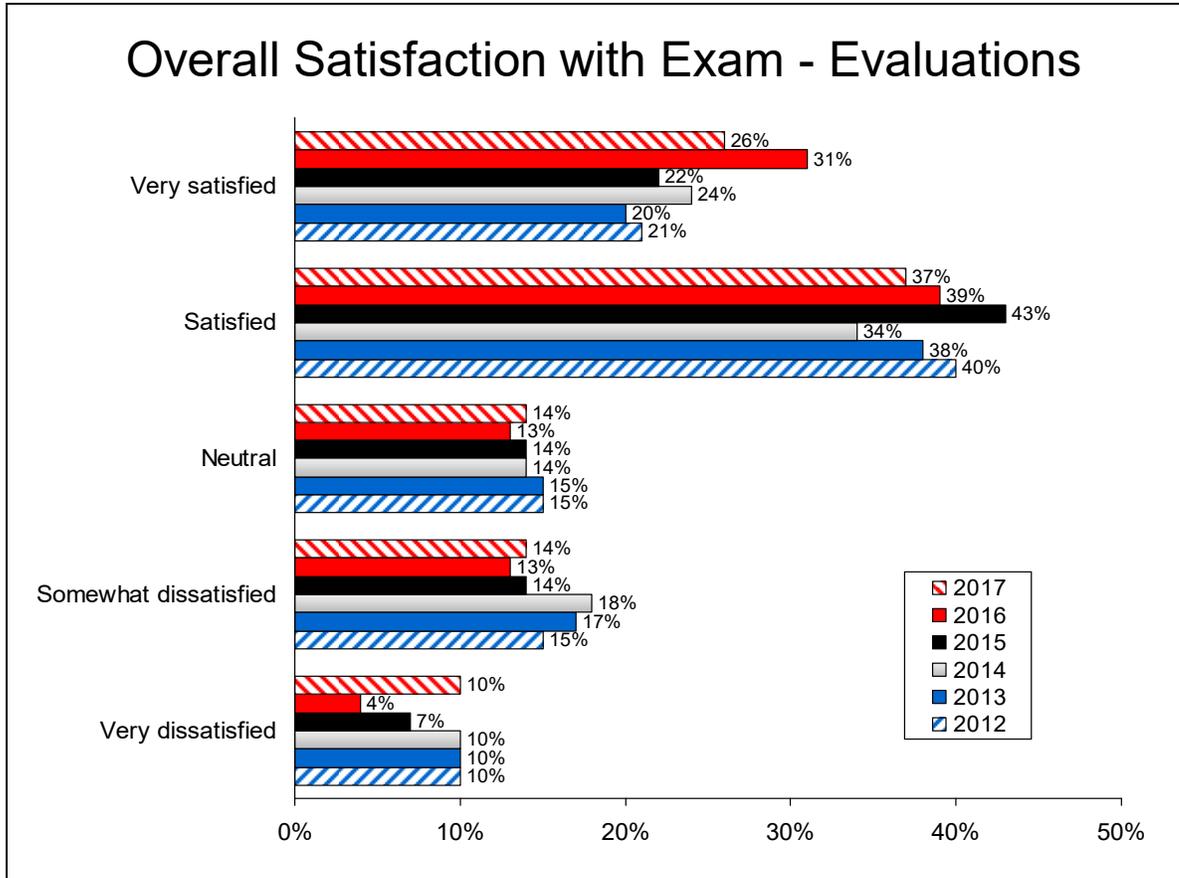


Figure 2

However, the 2017 percentage of credit unions dissatisfied with their exam (24%) continues to raise concerns. In our years of conducting satisfaction research, a credit union having more than 10% of its members being “dissatisfied” would be considered unusual and below-the-norm performance.

Specifically, in studies CUNA has conducted nationally – of both credit union members and of credit union CEOs – it is typical for no more than 9%, and as few as 3%, of members and credit union CEOs to be “dissatisfied” with their experiences with their credit unions and CUNA, respectively.

- Credit unions in NCUA Region 5 give the lowest overall satisfaction ratings to the exam/results. Those in Regions 2 and 3 are also less impressed with their exam/results, overall, than are those in Regions 1 and 4.
- As was true in the studies in the past few years, there are no meaningful differences in the overall satisfaction between credit unions with state-only exams, those with NCUA-only exams, and those that had joint exams.

- A comparison of the detailed results from 2016 (not included) suggests that the overall decline in credit unions' satisfaction between 2016 and 2017 is driven primarily by credit unions' lower satisfaction with state-only exams. While satisfaction with all agencies has fallen, there is a larger decline in satisfaction among credit unions with state-only exams than among those with NCUA-only or joint examiners.
- Continuing past studies' trends, and as might be anticipated, overall satisfaction is noticeably higher among credit unions that recorded improved CAMEL ratings (over 2016) and those that agree strongly with their current CAMEL rating, when compared to their respective counterparts.

CAMEL RATINGS

- Consistent with results from past years, the vast majority – three-fourths – of credit unions' CAMEL ratings remained the same from the prior year. At the same time, we find that the percentage of credit unions that had improved CAMEL ratings roughly equals the percentage with declining ones (Figure 3). The gap between credit unions having their CAMEL ratings “improve” and those having their “decline” in 2016 (at 8 percentage points – 17% vs 9%) was the largest ever recorded. This may, at least in part, account for the decline in overall satisfaction that was noted above.

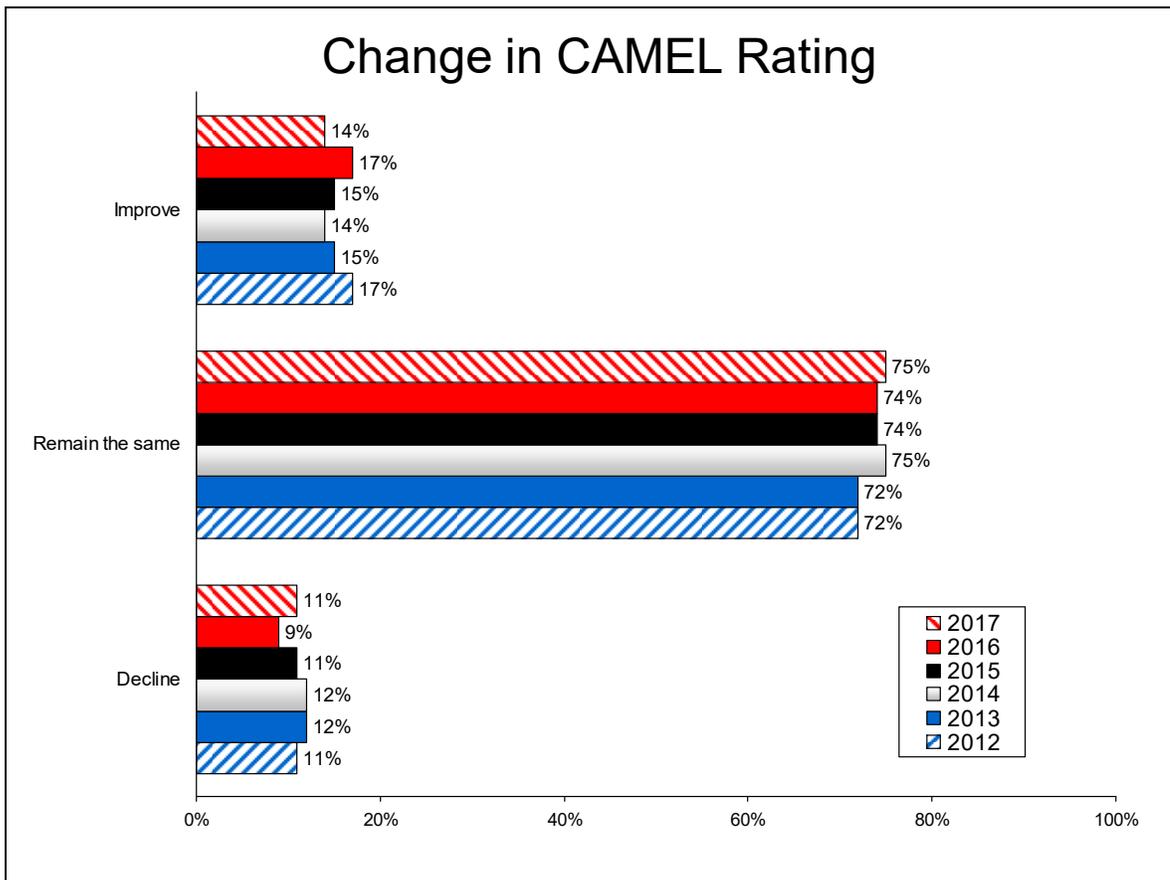


Figure 3

- CAMEL rating improvements are somewhat more likely to have been found among credit unions in NCUA Region 4 than among those in the other regions.
- Credit unions are somewhat less likely to agree with their current CAMEL rating than they were in 2016, but still more apt to agree than they had been prior to 2016. The average “agreement score” for 2017 stands at 4.0 on a 5-point scale, where 5.0 represents “agree strongly” and 1.0 represents “disagree strongly.” Although it was higher in 2016, none of the scores prior to 2016 topped the 3.9 mark (Figure 4).

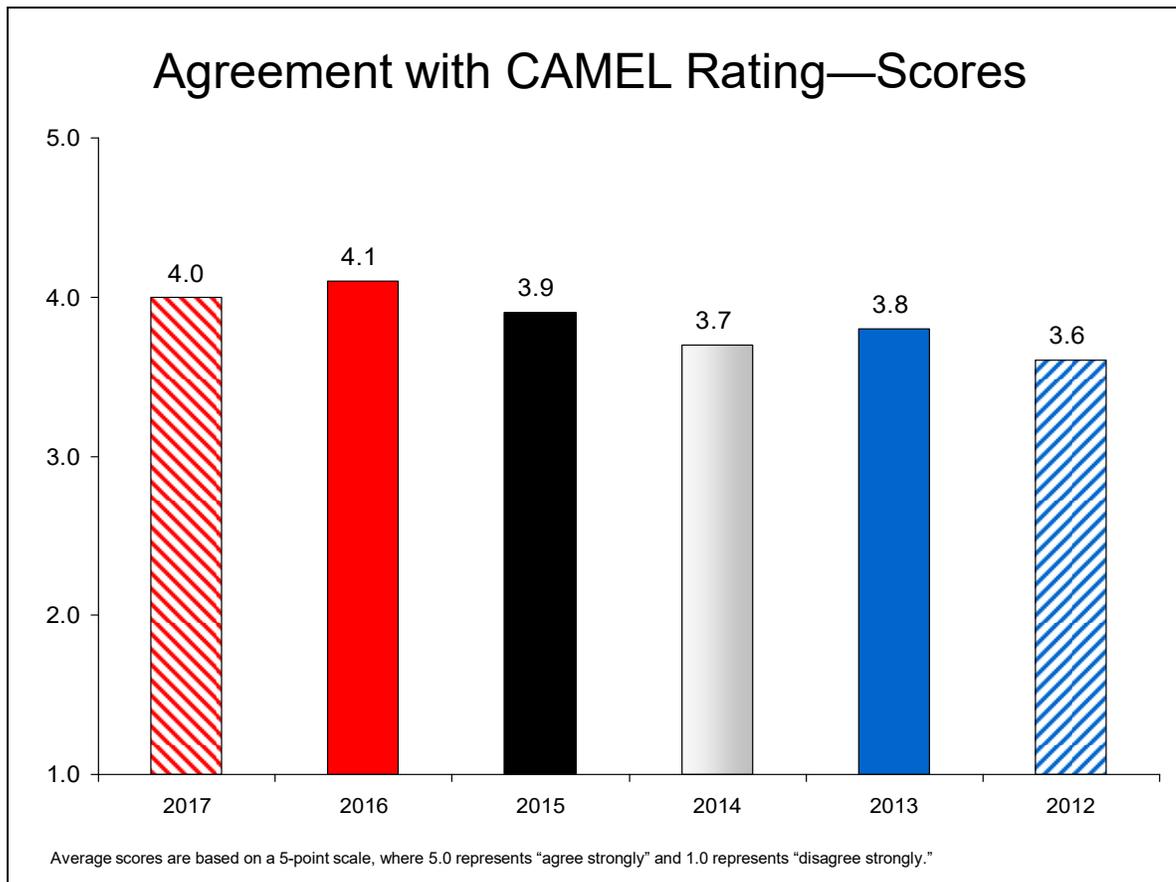


Figure 4

- Currently, 71% of credit unions agree with their CAMEL rating, slipping slightly from 74% in 2016, but otherwise remaining above the agreement levels recorded prior to 2016 (Figure 5).

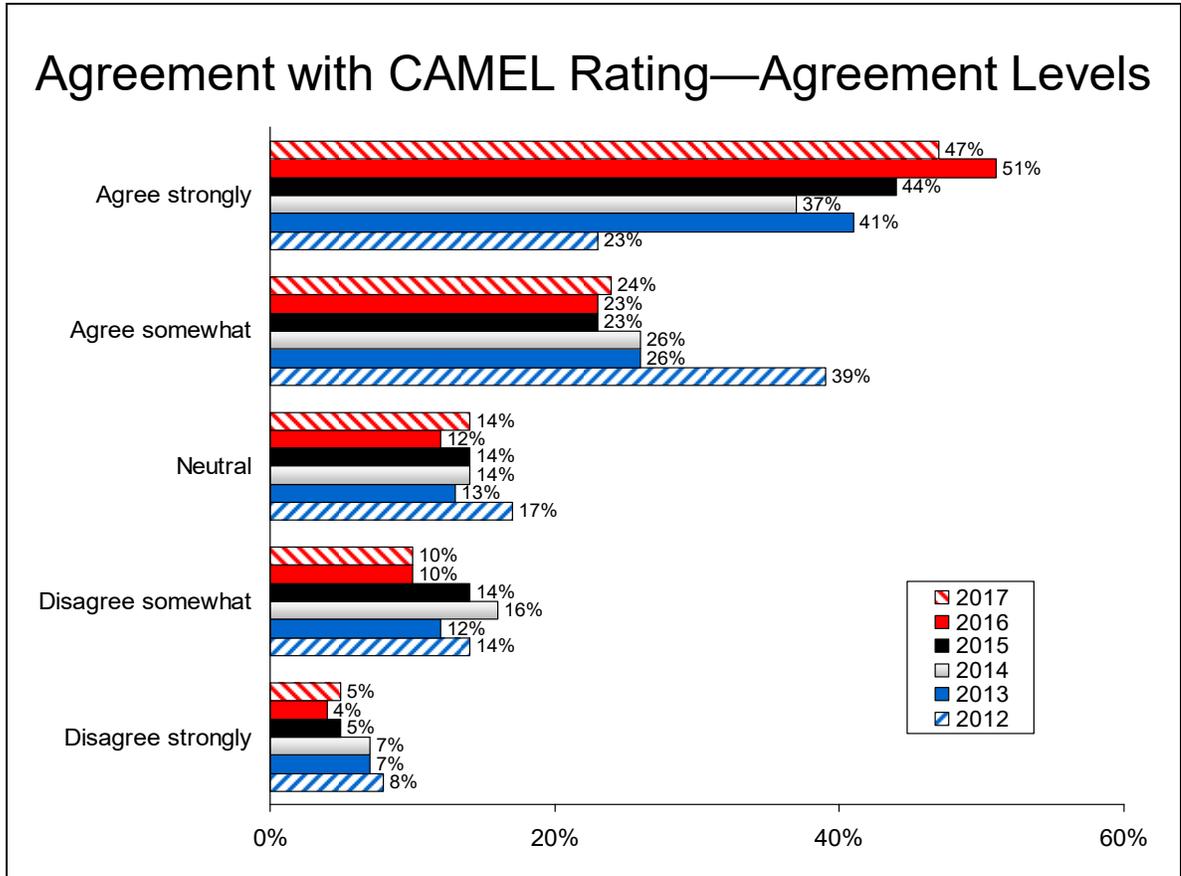


Figure 5

- Credit unions with assets of \$500 million or more, especially those with assets of \$1 billion or more, display stronger agreement with their current CAMEL rating than do those in the other asset groups.
- Credit unions in NCUA Region 5 record a lower “agreement score” regarding their CAMEL ratings than do those in the other regions.

EVALUATIONS OF EXAM TEAM PERFORMANCE

- Of four exam team performance items reviewed for this study, credit unions are most impressed with their examiners’ professionalism and helpfulness, giving these two factors evaluation scores of 4.3 and 4.1, respectively, on a 5-point scale where 5.0 represents “excellent” performance and 1.0 represents “poor” performance.
- Credit unions are somewhat more impressed with examiners’ professionalism and objectivity compared to prior years. Their perceptions from 2016 still hold on examiners’ helpfulness and fairness (Figure 6).

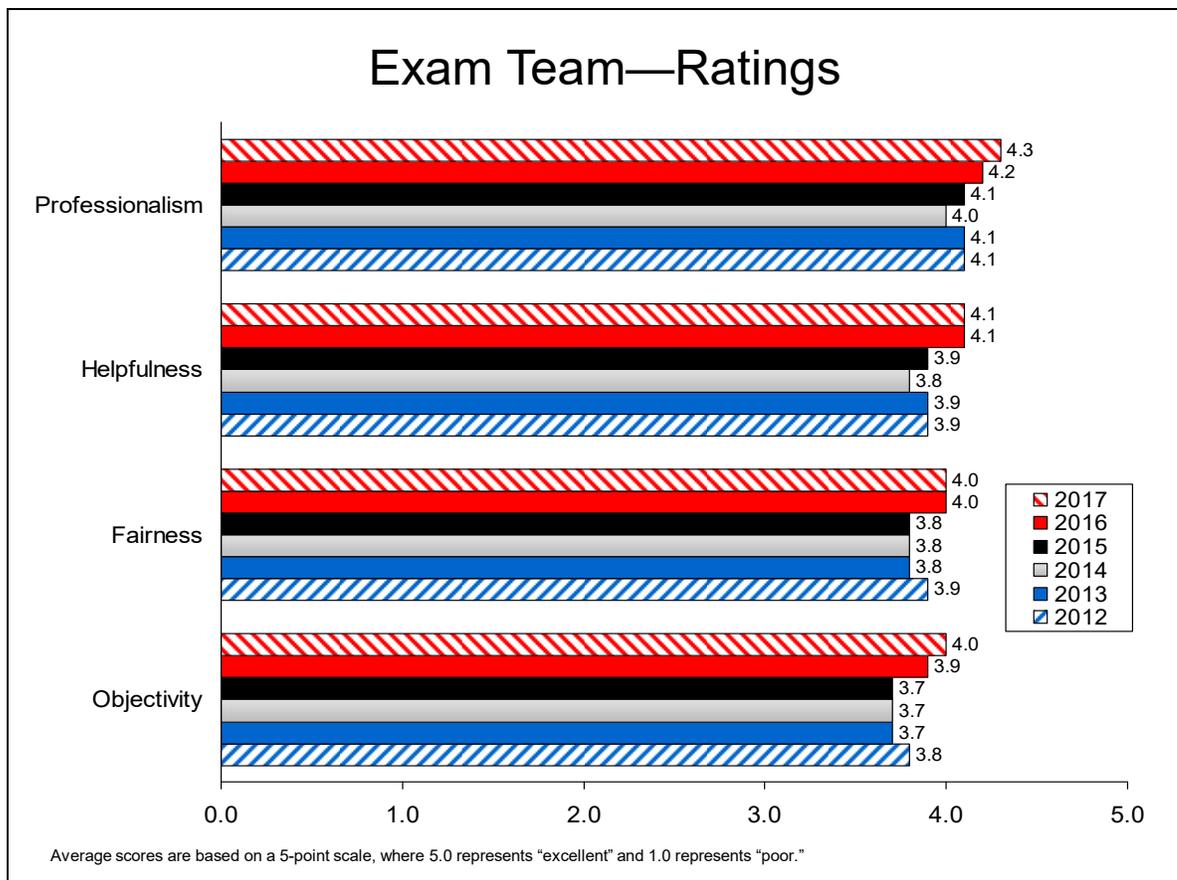


Figure 6

- Between 40% and 50% of credit unions evaluate their examiners’ performance as “excellent” with respect to each of the four aspects studied, while 7% to 13% are critical to some extent (i.e., rate as either “poor” or “somewhat poor”) of their examiners’ performance.
- Credit unions with state-only exams give higher marks to the exam team than do those with other types of exams. Conversely, those with exams that were conducted jointly by state and NCUA examiners give the exam team the lowest marks. A comparison of the findings from 2016 with those from 2017 (not included) reveals that the scores for state-only exam teams have improved since 2016, while the scores for joint exam teams have declined during that time period.

- The largest and smallest credit unions often give higher marks to the exam teams than do mid-size credit unions. More specifically, credit unions with less than \$25 million in assets give high marks to examiners' helpfulness. Those with assets of \$1 billion or more give high marks to examiners' fairness and objectivity. And both asset groups give high marks to the examiners' professionalism.
- Conversely, credit unions with \$500 million to \$1 billion in assets are less impressed with their examiners' professionalism and helpfulness than are those in the other asset groups. At the same time, those with assets of \$100 million to \$500 million are less impressed with their examiners' objectivity, and those with assets of \$50 million to \$1 billion are equally unimpressed with examiners' fairness.
- Credit unions in NCUA Regions 1 and 4 are often more impressed with their examiners' professionalism, fairness, and objectivity than are those in the other regions. Those in Region 4 are also more impressed with their examiners' helpfulness when compared with the other regions. Credit unions in NCUA Region 5 are consistently less impressed with their examiners on these attributes.
- Credit unions with state-only exams tend to provide slightly higher evaluations than do those that had NCUA-only exams.
- Credit unions were asked to evaluate their exam teams' performance involving interaction with the credit unions' volunteers. Each of the four items earns a "performance score" of 4.0 to 4.2 on the aforementioned 5-point scale ("excellent" to "poor") – led by examiners' openness to interactive dialogue with volunteers regarding the examiners' final report.

- The improvements in the ratings of examiners’ interactions with volunteers that were noted last year have upheld this year (Figure 7).

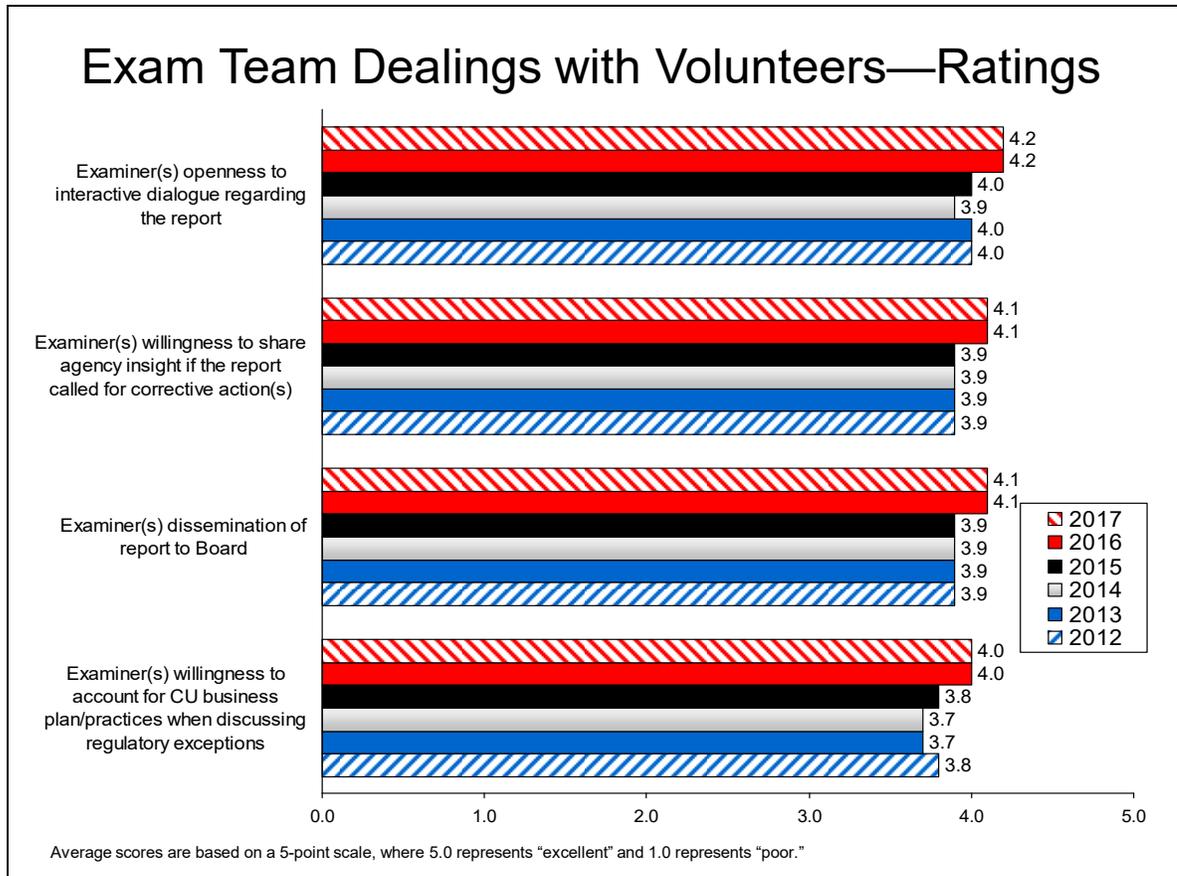


Figure 7

- Roughly 40% to 50% of credit unions evaluate their examiners’ performance as “excellent” with respect to each of the four types of volunteer interactions studied, while no more than 10% are in any way critical (i.e., rate as either “poor” or “somewhat poor”).
- Credit unions with assets of \$500 million to \$1 billion are slightly less satisfied with their examiners’ efforts in interacting with volunteers. Credit unions with assets of \$100 million to \$500 million join this larger group in being critical of examiners’ willingness to account for credit union business plan/practices when discussing regulatory exceptions.
- Credit unions with state-only exams tend to provide slightly higher evaluations than do those with NCUA-only exams. Consistent with other findings in this “performance evaluation” section, credit unions that had joint exams give slightly lower marks to these volunteer interactions than they had in 2016 (analysis not included).

EXAM AND REPORT-DEVELOPMENT DURATIONS

- In 2017, exams took an average of 8.9 days from the date of examiners' first appearance to completion of the on-site exam, and an average of 19.4 additional days from the date of the completion of the exam to delivery of the final report. The average duration of the on-site exam is roughly one day shorter than recorded in 2016 (and similar to that from 2013 to 2015), but the average time from completion of the on-site exam to delivery of the final report has increased by almost five days since last year, which had been the longest recorded up to that point (Figure 8)

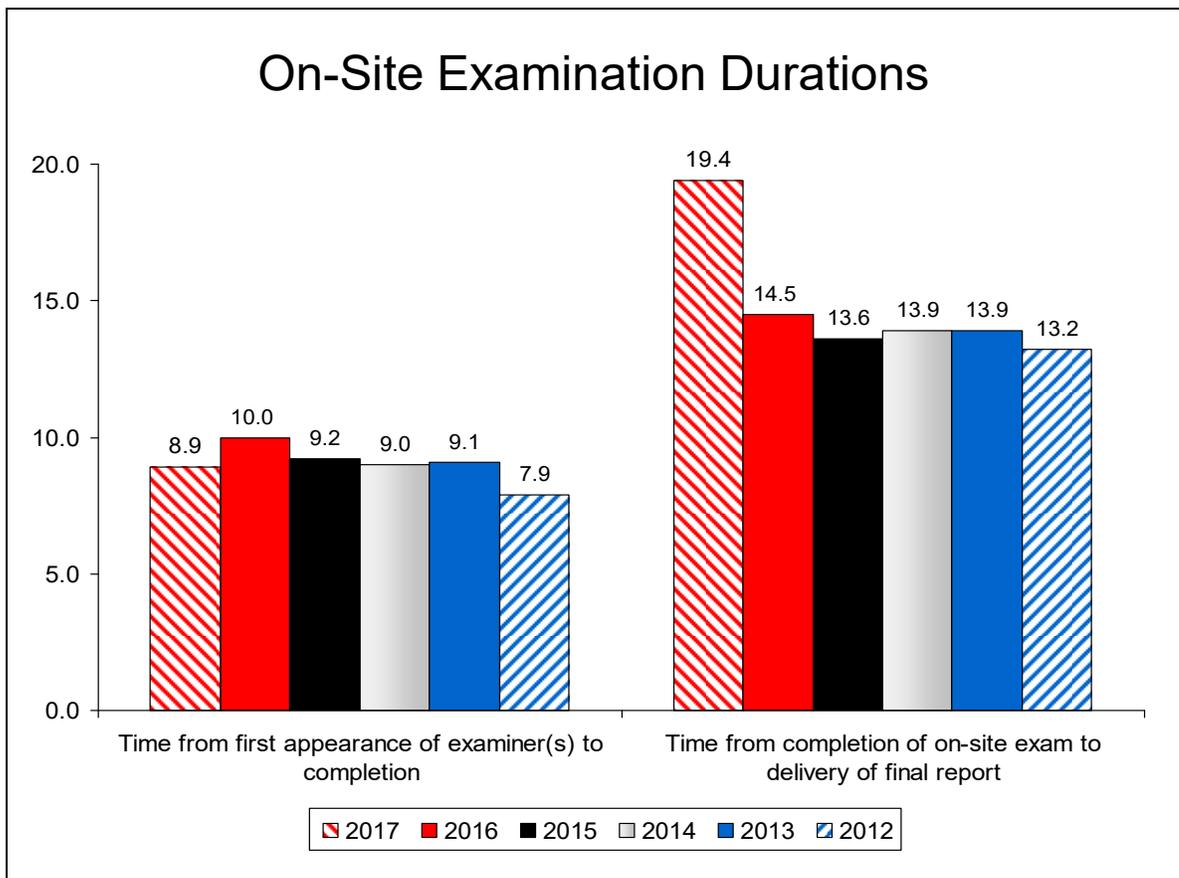


Figure 8

- The average time that elapsed between the date of examiners' first appearance to completion of the on-site exam increases as credit union asset size increases – from a low of 6.2 days in credit unions with assets of \$25 million or less, to a high of 14.7 among those with assets of \$1 billion or more.
- The average on-site examination time for multiple-common-bond credit unions is higher than that for single-common-bond credit unions, while, in turn, the average found in community-chartered credit unions is just slightly higher than that found in multiple-common-bond credit unions.
- The average on-site examination time for NCUA Region 5 credit unions is from 1.5 to 4.25 days longer than those for credit unions in each of the other regions. This could potentially be a reflection of the fact that Region 5 has a noticeably greater prevalence of large credit unions than do the other regions, and that larger credit unions' exam durations are longer than their smaller counterparts' exams.

- The average differences in duration between the date of examiners' first appearance to completion of the on-site exam among credit unions in the different asset sizes, common bond groups, etc., are generally also manifested in the time it takes from the date of the completion of the exam to delivery of the final report.

WRITTEN AGREEMENTS

- As noted in our previous report, continued improvement in the U.S. economy has buoyed credit union operating results. That trend is reflected in the percentage of credit unions under some form of written agreement (Figure 9). In 2017, as in 2016, 25% are under at least one such agreement – which compares favorably to earlier studies. In 2015, 32% were under at least one written agreement and in 2014 the percentage was 41%.

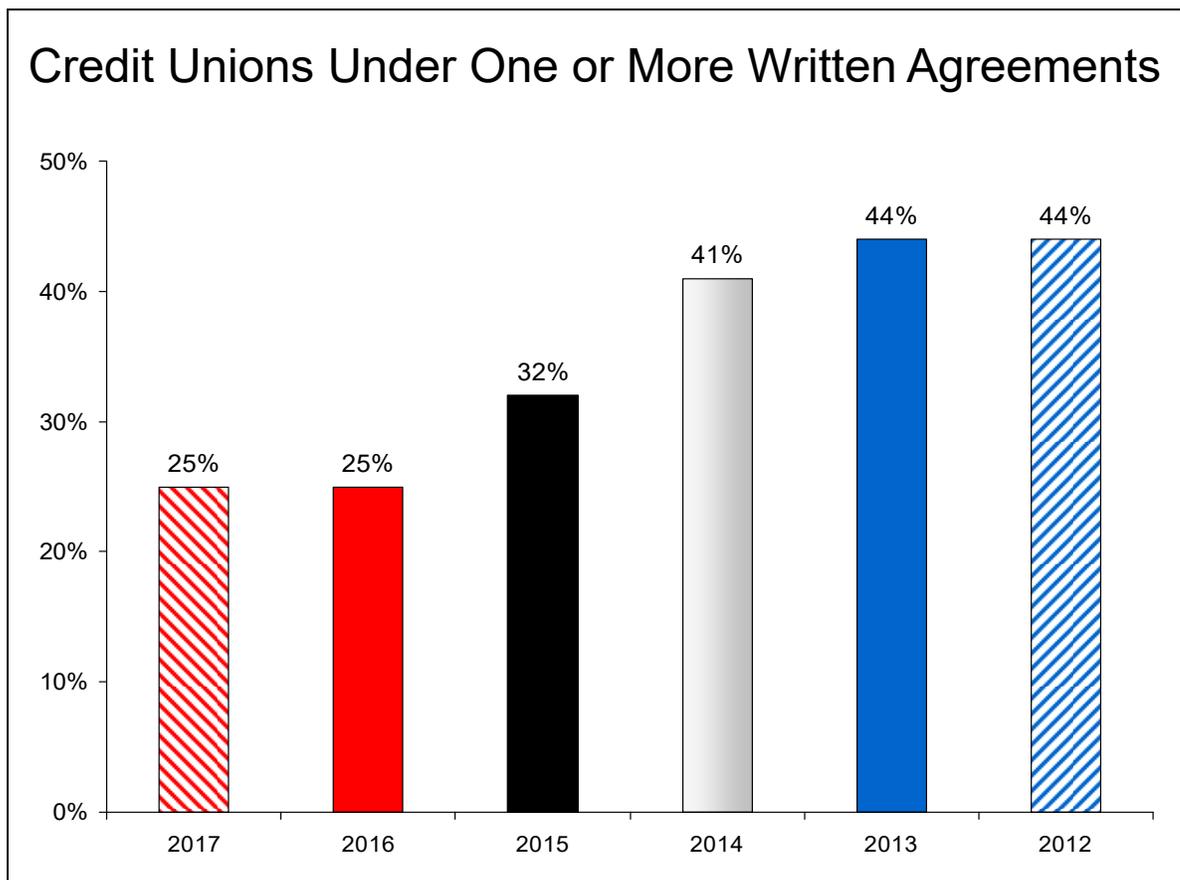


Figure 9

- Documents of Resolution (DORs) account for the bulk of the written agreements, with 24% of credit unions being under a DOR.
- DORs are more likely to emerge from joint exams or NCUA-only exams than they are to emerge from state-only exams.

EXAM-PROCESS ISSUES

Credit union CEOs were presented with a list of nearly 25 individual statements related specifically to the examination process – ranging from fairness and responsiveness, to the appropriateness of report conclusions and recommendations, and to exam-scheduling issues and more. They were asked to indicate how strongly they agreed or disagreed with each statement. This exercise was conducted to help identify the process-related areas in which examiners are performing well, and those practices which may require further attention and/or some shoring-up. The “agreement scores” discussed in this section are based on a 5-point scale, where 5.0 represents “agree strongly” and 1.0 represents “disagree strongly.”

- Of the various items covered, examiners are deemed to be performing best in the following five areas:
 - Examiner/exam team was knowledgeable about key safety and soundness issues, and regulatory requirements (“agreement score” of 4.4),
 - Examiner/exam team gave management the opportunity to comment/respond prior to sharing results with the board (4.3),
 - Examiners are not reluctant to take the time to meet and have a sit-down discussion of preliminary exam findings prior to the exit meeting (4.2),
 - Examiner/exam team was knowledgeable about your credit union (4.2), and
 - Examiner/exam team was flexible and open to discussion and exchange of perspectives with credit union staff (4.1).
- For each of these five items, between 45% and 60% of credit unions “agree strongly” that examiners display those traits, while no more than 10% disagree to any extent.

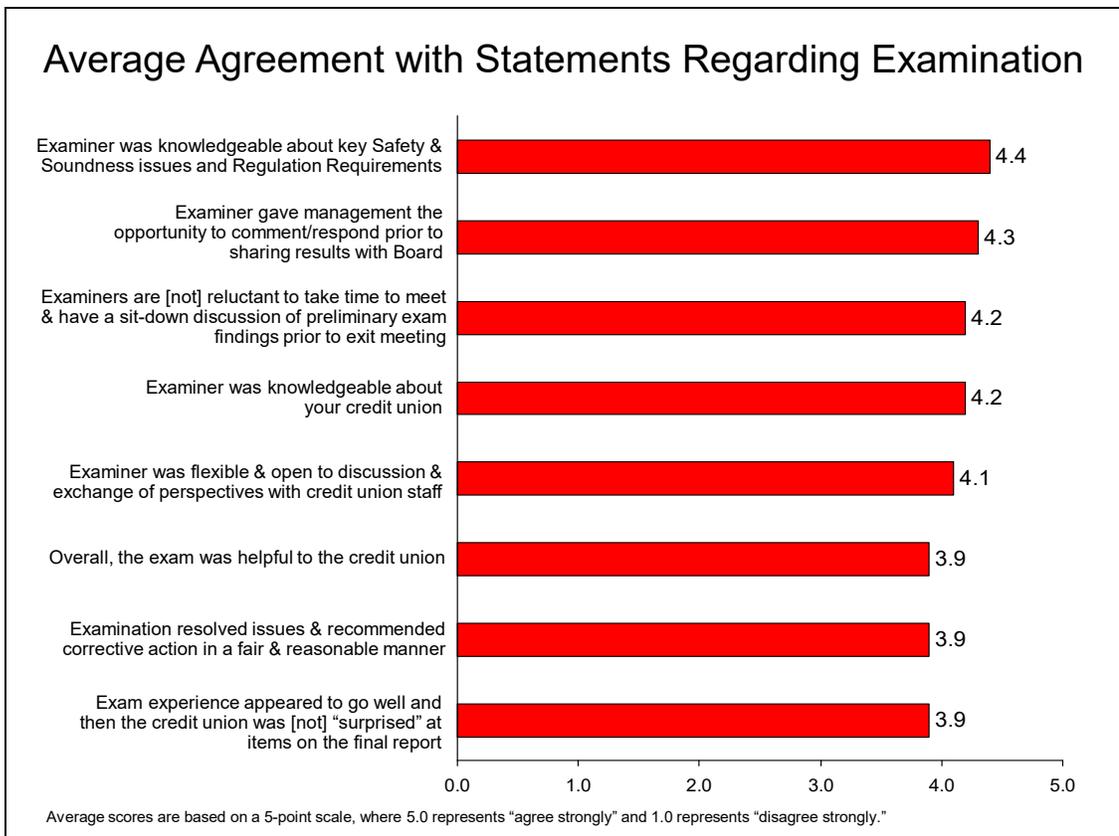


Figure 10-1

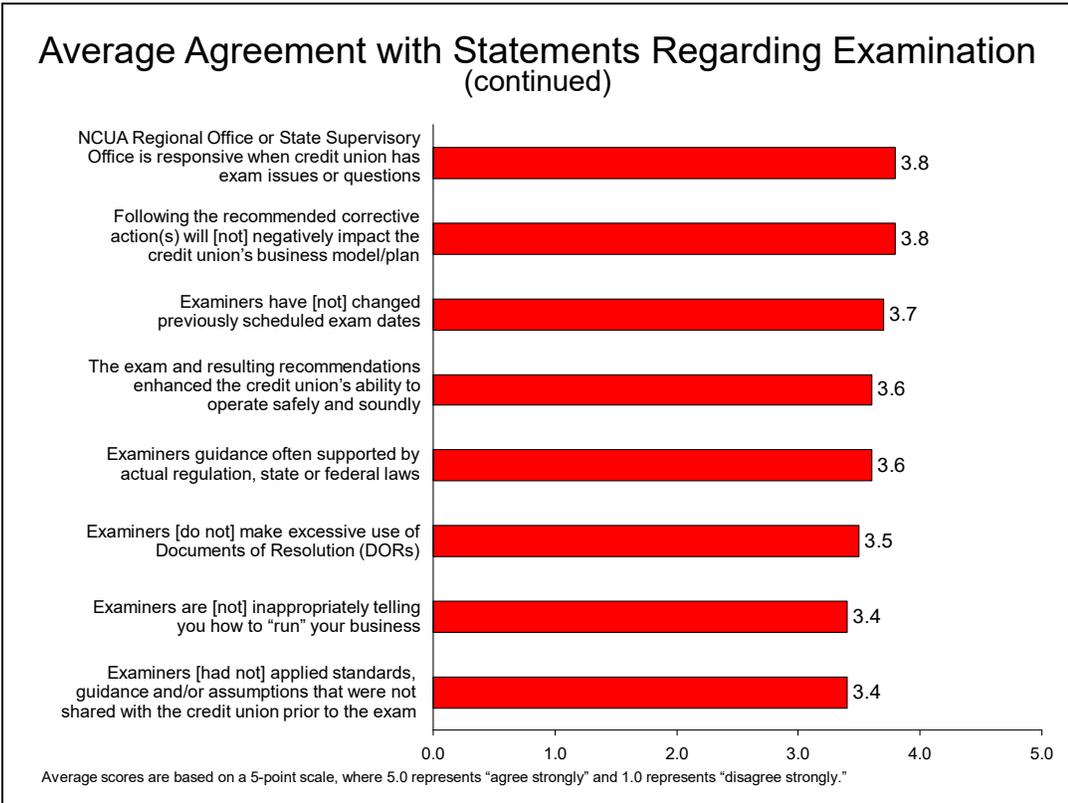


Figure 10-2

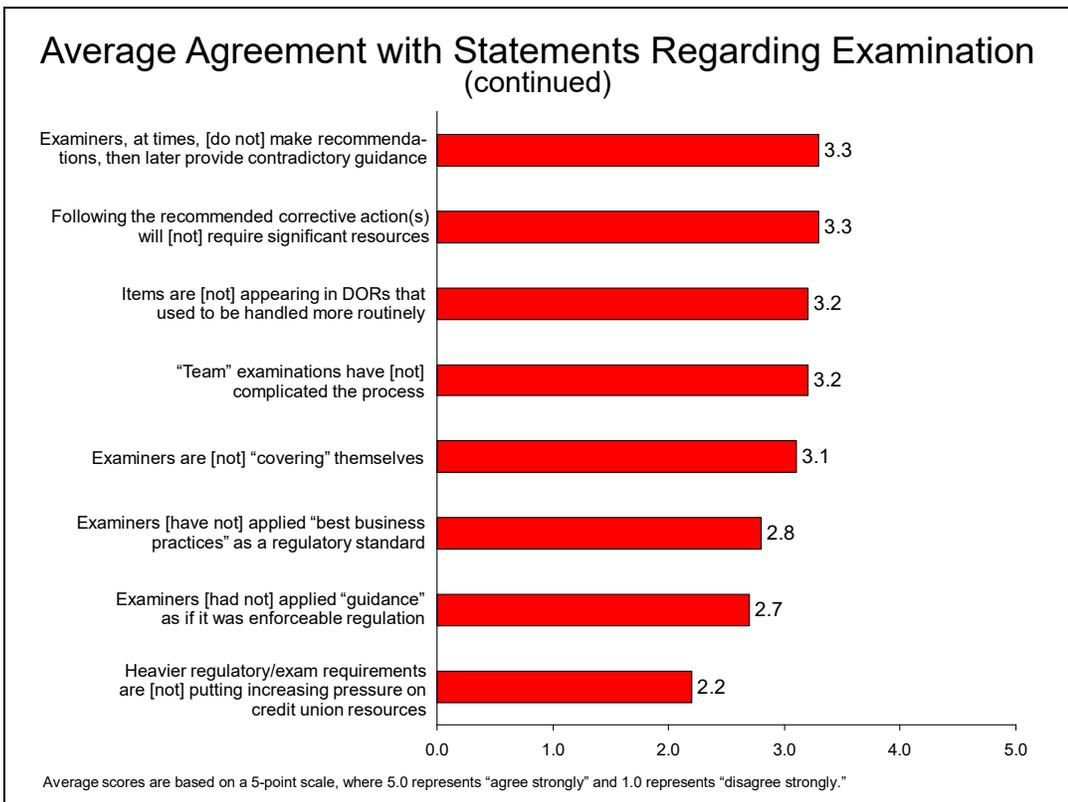


Figure 10-3

- The exam areas identified by credit union CEOs as being most in need of attention and/or improvement include (Figure 10):
 - Heavier regulatory/exam requirements are not putting increasing pressure on credit union resources (“agreement score” of 2.2),
 - Examiner/exam team had not applied “guidance” as if it were enforceable regulation (2.7),
 - Examiner/exam team have not applied “best business practices” as a regulatory standard (2.8),
 - Examiners are not “covering” themselves (3.1),
 - Team examinations have not complicated the process (3.2), and
 - Items are not appearing in DORs that used to be handled more routinely (3.2).
- For the most of these six items, 25% to 50% of credit unions either “disagree strongly” or “disagree somewhat” with the statement. However, fully 71% believe that heavier regulatory/exam requirements are burdening their credit union’s resources – clearly the leading concern among CEOs.

ISSUES RAISED BY EXAMINERS

The questionnaire for this study contained over 45 different examination areas spanning across the five major categories listed below:

- Safety and soundness,
- Compliance with deposit-related regulations and statutes,
- Compliance with credit-related regulations and statutes,
- Fair lending compliance, and
- Bank Secrecy Act (BSA) compliance.

For each issue presented, CEOs were asked to identify whether that particular issue was raised by examiners in their last exam, and – if a problem was, indeed, noted – whether or not the examiner required action(s) by the credit union to address/resolve the issue.

SAFETY AND SOUNDNESS – ISSUES RAISED

- Of 20 potential safety and soundness issues studied, problem areas relating to loan policies, cybersecurity, allowance for loan and lease loss calculation/level, overall risk management, credit underwriting practices, loan concentrations, and liquidity and contingency funding were the ones most apt to be noted by examiners. Between 20% and 40% of credit unions indicate their examiners raised issues in each of these areas (Figure 11).

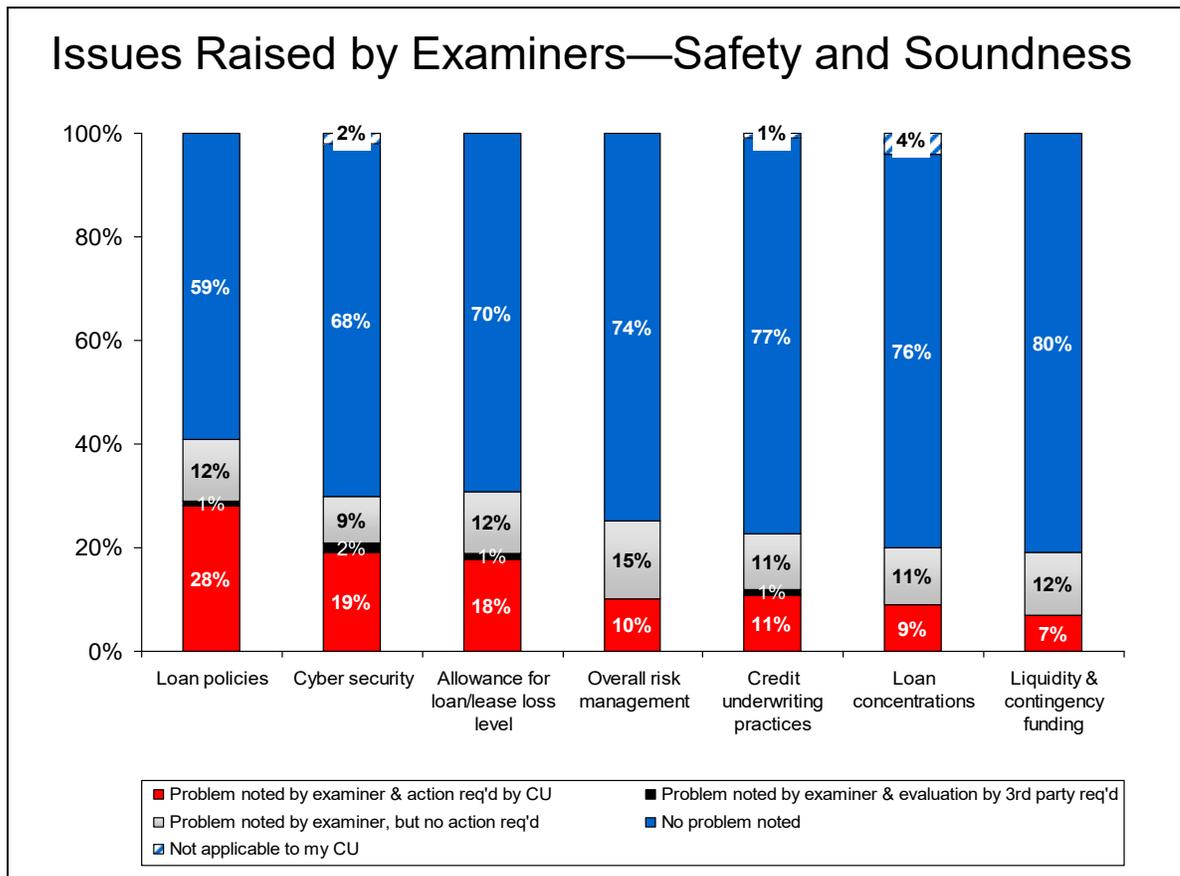


Figure 11-1

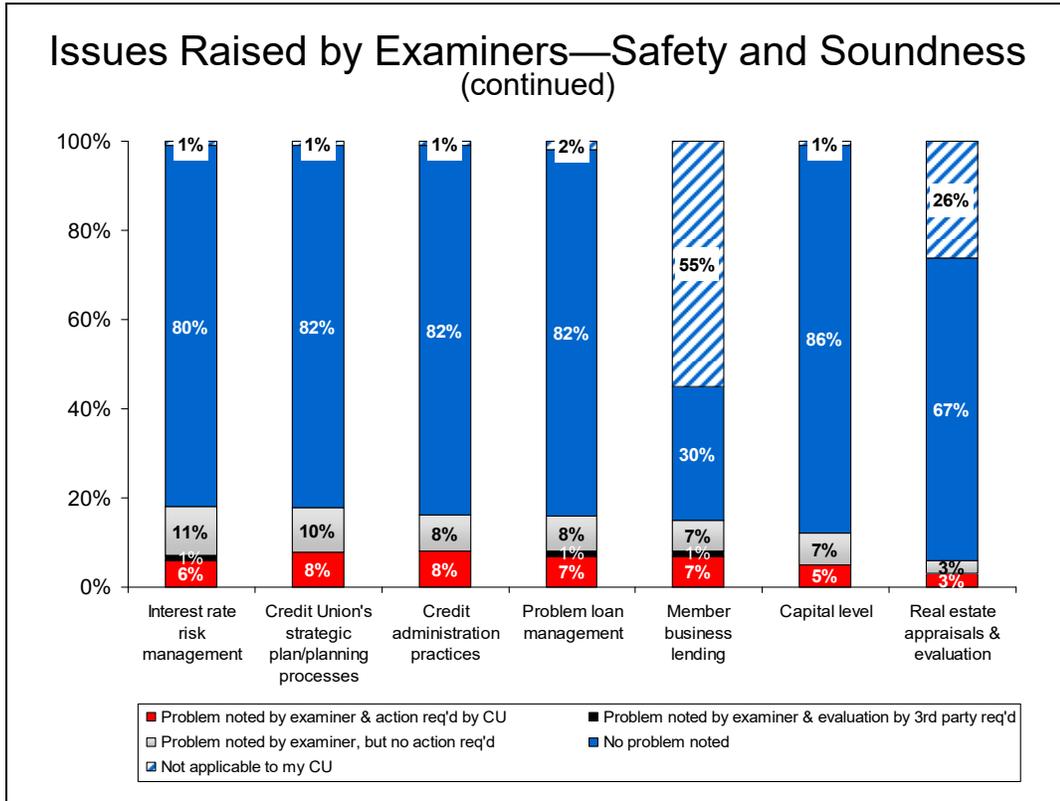


Figure 11-2

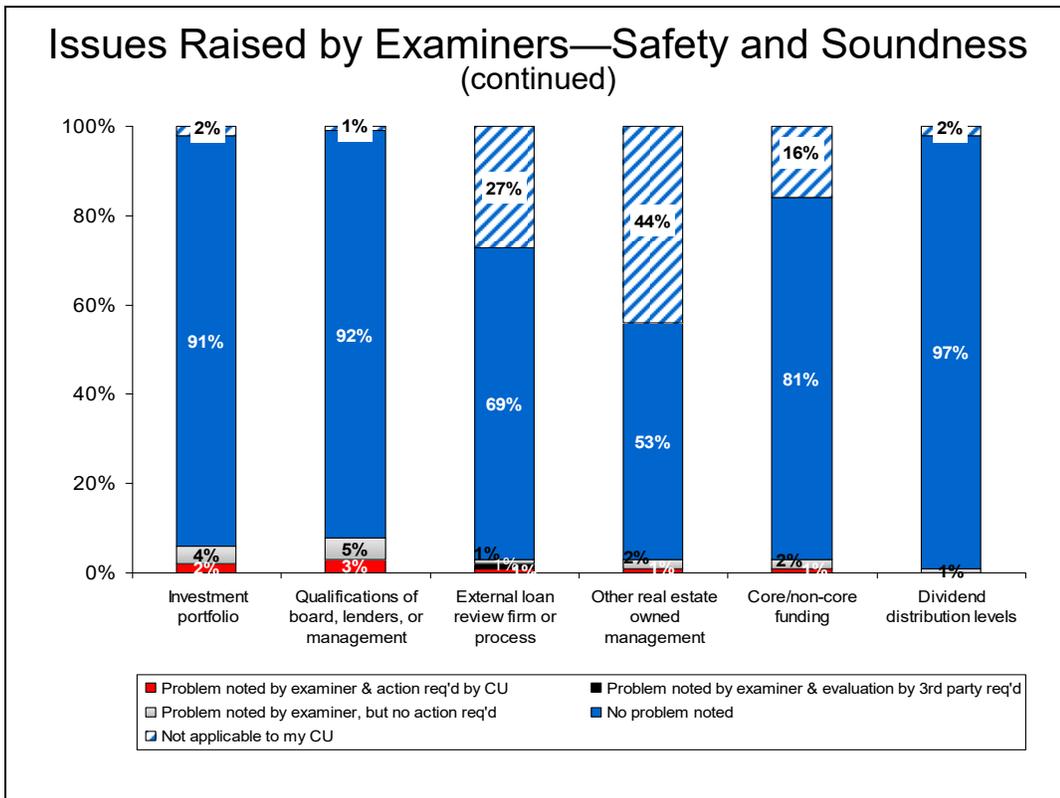


Figure 11-3

- Actions by the credit union were required in 60% to 70% of instances in which loan policies, cybersecurity, and loan loss/lease allowance calculation issues arose, while they were required in half of instances in which credit underwriting problem areas were identified by the examiners.
- Findings suggest that credit unions in NCUA Region 5 are more likely than those in the other regions to have examiners raise issues and require action regarding loan policies, cybersecurity, loan concentrations, liquidity and contingency funding, interest rate risk management, strategic plan/ planning process, credit administration practices, member business lending, and real estate appraisals and evaluation. This may or may not be at least a partial function of the greater prevalence of larger credit unions in this region than in the others.

DEPOSIT-RELATED REGULATIONS AND STATUTES – ISSUES RAISED

- No more than 2% of credit unions indicate their examiners identified problem areas in any of seven individual deposit-related regulations and statute items (Figure 12).

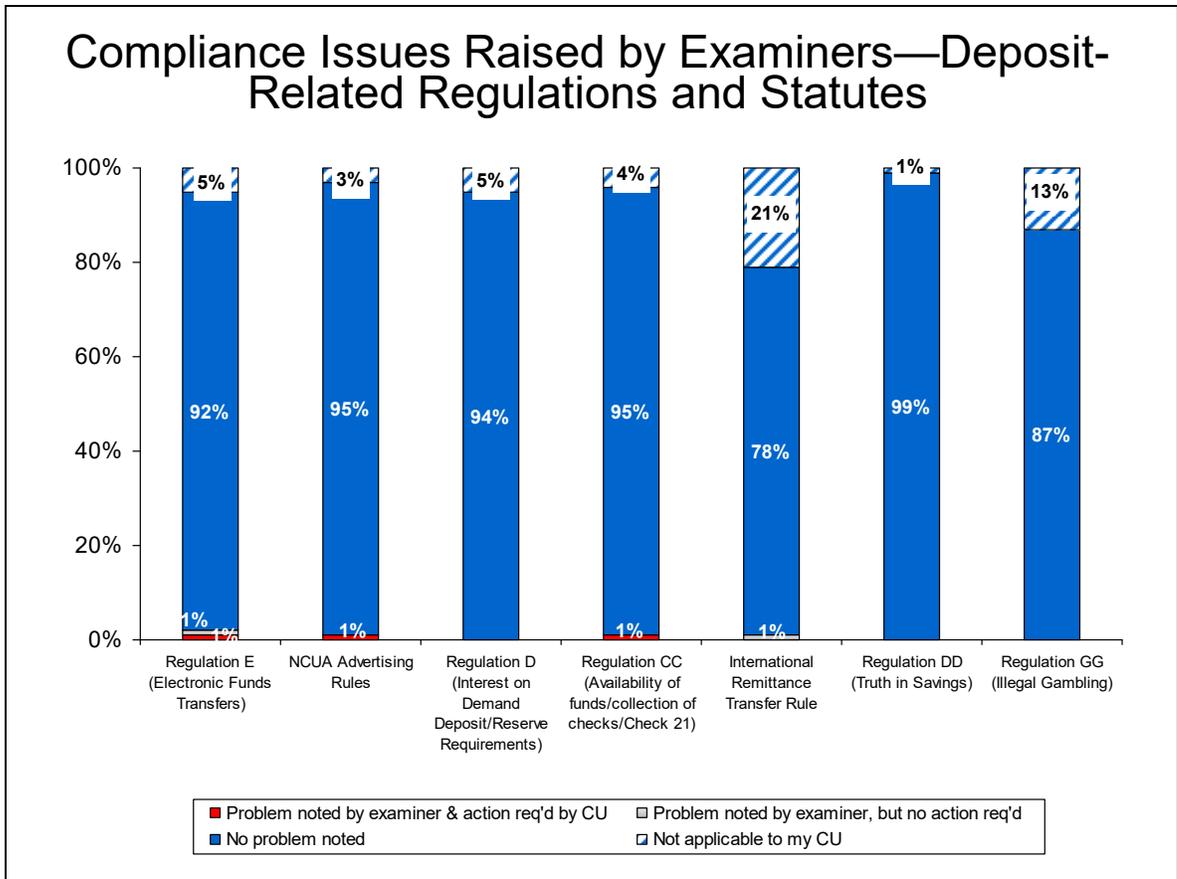


Figure 12

CREDIT-RELATED REGULATIONS AND STATUTES – ISSUES RAISED

- A total of 12% of credit unions indicate that issues were raised regarding the Servicemember Civil Relief Act, and actions were required by the credit unions in 58% of instances in which the issue was raised.
- No more than 4% of credit unions, and typically 2% or fewer, say that issues were raised involving the other ten credit-related regulations and statutes studied (Figure 13).

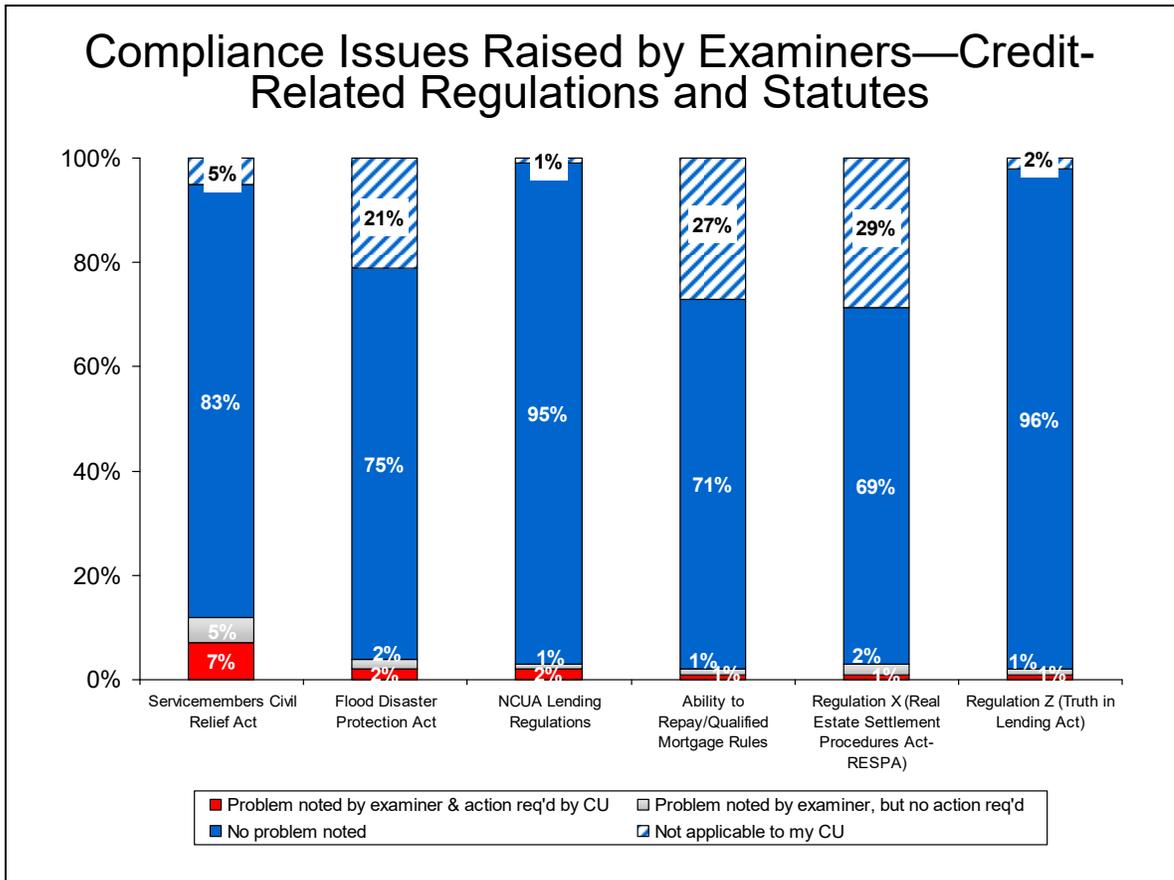


Figure 13-1

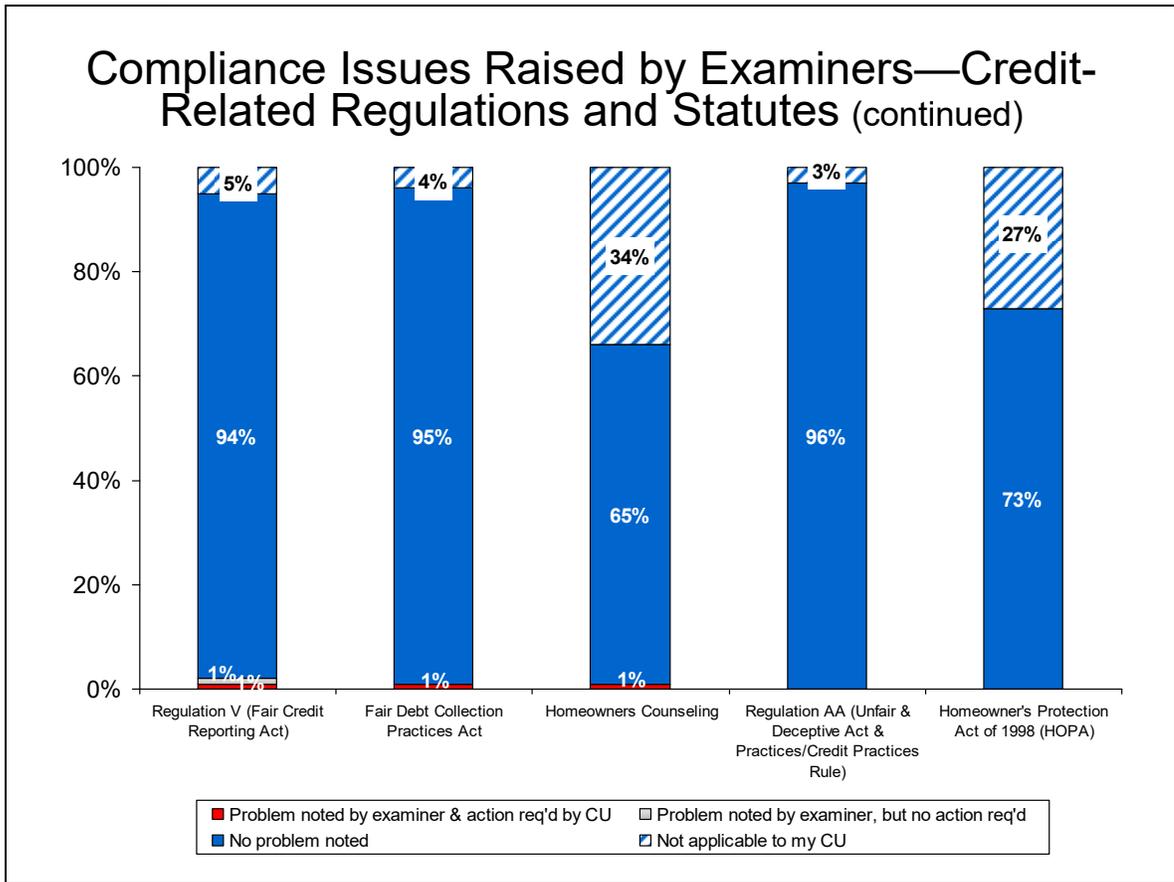


Figure 13-2

- Findings indicate that small credit unions (those with assets under \$100 million) are more likely than larger credit unions to have examiners raise issues regarding the Servicemember Civil Relief Act.
- Credit unions in NCUA Region 3 are more likely than those in other regions to have examiners raise issues regarding the Servicemember Civil Relief Act.

FAIR LENDING COMPLIANCE – ISSUES RAISED

- No more than 2% of credit unions indicate their examiners identified problem areas in any of the three different fair-lending compliance issues (Figure 14).

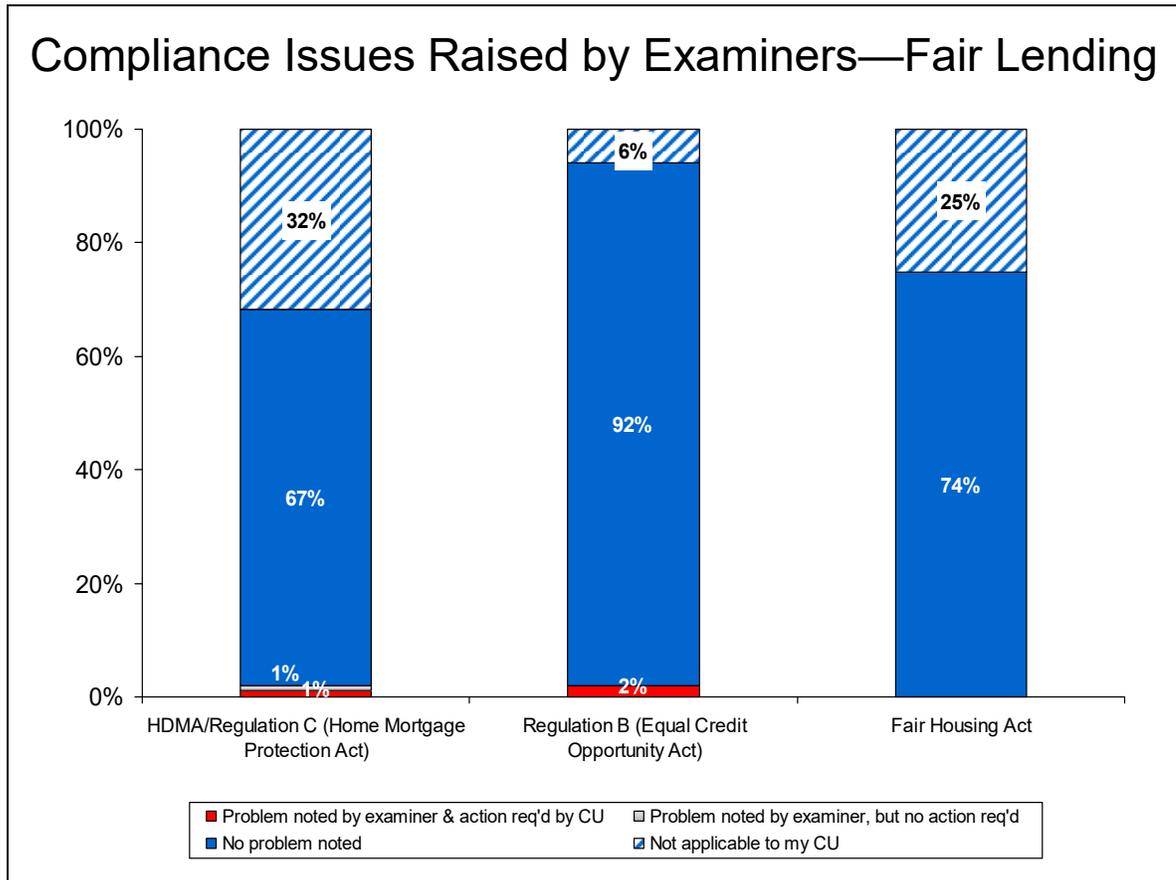


Figure 14

BANK SECRECY ACT (BSA) COMPLIANCE – ISSUES RAISED

- Four of the five BSA-related compliance issues studied were raised as issues by examiners by about 10% to 15% of examiners. Problems were most likely to be noted with respect to credit unions' BSA-related risk assessment, Currency Transaction Report filings, Suspicious Activity Report filings, and level of board involvement (Figure 15). Only 2% of credit unions indicate issues were raised concerning providing service to money service businesses.
- Actions by the credit union were required in roughly 55% of the instances in which issues were raised regarding BSA-related risk assessment or Suspicious Activity Report filings, and in 30% to 35% of instances related to Currency Transaction Report filings or the level of board involvement.

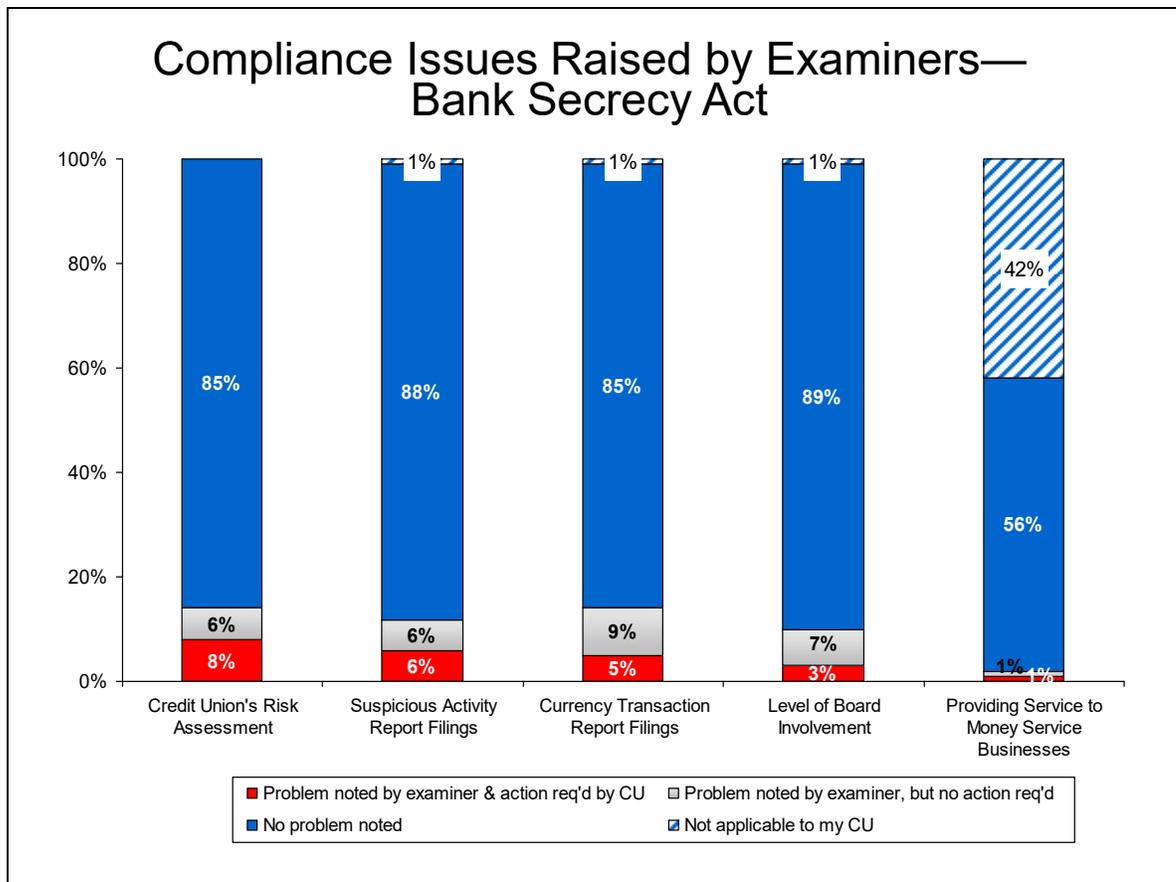


Figure 15

A total of 8% of credit unions indicate that issues were raised concerning other NCUA or State Rules and Regulations not specifically named on the survey, and in 63% of cases, actions were required by the credit unions.

OTHER TOPICS COVERED IN 2017 STUDY

- When asked to rate the NCUA's overall performance on *all operations* – not just when it comes to exams – credit unions mostly say it is “good” to “excellent” (58% rate NCUA as “good” or higher). There is also a rather high percentage that stay neutral on this evaluation – 34% do so. Just 8% rate NCUA as poor to any extent.
- The smallest and the largest credit unions give NCUA higher ratings on its overall performance than do mid-size credit unions. Credit unions with \$100 million to \$500 million in assets tend to be the most critical when looking at the results by asset size.
- Credit unions in NCUA Region 5 are also more critical of NCUA's overall performance than are those in other regions, with an average score of 3.4 compared with the overall average of 3.6. The other regions have average scores of 3.5 to 3.7.

This year, we also asked two questions in which credit unions could offer suggestions for NCUA: 1) what one change NCUA could make to improve its overall operations and interactions with credit unions, and 2) what one specific/realistic/achievable change in current NCUA regulations would have the most beneficial effect in helping credit unions better serve members without sacrificing system safety and soundness. The responses to these questions can be found in the appendix of this report.

- When it comes to having electronic documentation available for NCUA continuous supervision, a total of 58% of credit unions overall say that 75% or more of the documentation needed for exams is currently available/accessible electronically (Figure 16).

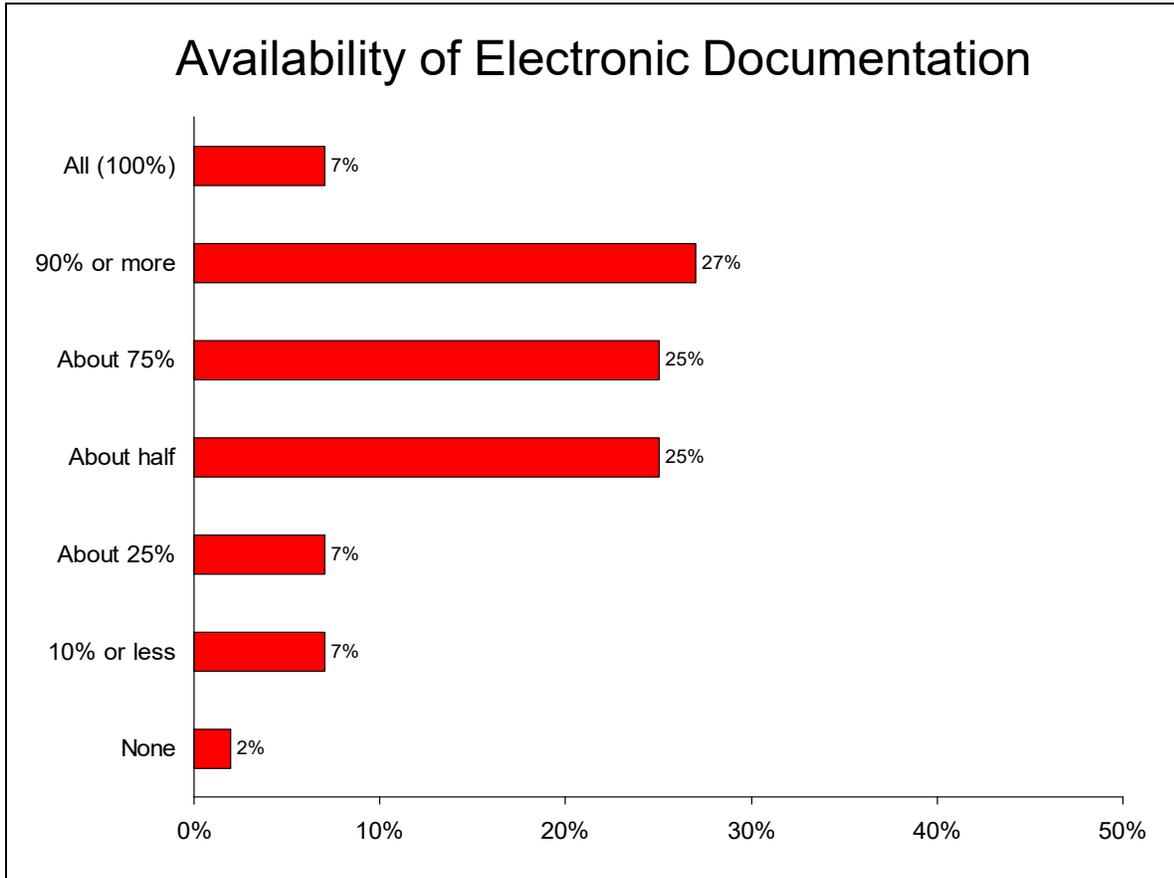


Figure 16

- As might be expected, credit unions with assets under \$50 million tend to have less of their documentation available electronically – 45% to 60% have no more than half of their documentation in electronic format.
- A total of 60% of credit unions with assets of \$100 million or more – and 78% of those with assets of \$1 billion or more – say they have 90% or more of the documentation needed for exams available electronically.

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CUNA/League
2017 Credit Union
Exam Survey Report
Appendix

February, 2018

CUNA/League
2017 Credit Union
Exam Survey Report
Appendix

February, 2018

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RESPONSES TO OPEN-ENDED QUESTIONS

14. In an effort to improve the examination process, virtual examinations are being proposed. In order to move to virtual examinations [continuous supervision], the documentation would need to be available to examiners electronically. Thinking of all the documents requested during your last exam, approximately what percentage are currently maintained electronically? ...explain further:

- The documents not maintained electronically can, and generally are, scanned for the examiners. Examples might be call data supporting documents and reconciliations.
- Bank statements and checking paper format.
- Virtual exams would be very time consuming for us.
- Some of our working papers aren't in an electronic format.
- We do not have loan information electronically. Some of the items in the examination, example non-financial report, is 100 pages, they couldn't decipher that report. Asking us to give them more information that our core does not produce would be much more time consuming and expensive for us to have our core make the changes. I believe it would lead to many more questions and mistakes on the regulators point of view. But, it all still goes back to more regulatory burden on us small credit unions. And, the time and expense that we should not have to be responsible for.
- Standard reports and materials from the request list in advance of the examination are nearly 100% electronic, but the majority of documentation requested *during* the exam would have to be scanned and uploaded manually.
- All information can be maintained electronically. Some examiners request hard copy information.
- We have a lot of the things requested in paper format but can be scanned and emailed fairly easily I would assume
- While we are moving to electronic storage, most historical loan files are paper
- We maintain several records and files in paper format.
- We spend a lot of time sending the examiner electronic documents then have to print them out for them when they are onsite.
- I would definitely be in favor o virtual examinations.
- We all ready prepare any pre-exam documentation in PDF from for the examiners (also our CPA exam). We should be doing this already!
- We produced all requested information electronically because we were requested to do so.
- Most are stored electronically. But retrieval for providing to examiners remotely would be extremely time consuming. It's easier when they are on-site and we can just give them online access to documents. Retrieval and sending securely would take too much time for our staff.
- We do not keep a great deal of the paperwork they want to look at in a format that can be easily sent electronically.
- Data processor would definitely need to update reports and key information to allow us to do so. We currently scan and email some requested information to examiners.
- i would not support NCUA standardizing CU data to create virtual examinations if the data included member sensitive data. i.e. member SSN, address, motor vehicle info, credit score, income, DTI, LTV,..... This information does not effect safety and soundness.
- It is quite possibly greater than the 75% but, not as much as 90%.

- Whatever the auditor needs that isn't already electronic could be scanned to make it electronic. This would bring our total to about 85%.
- loan documentation is not electronic, board minutes not,
- Most of our documents are paper or in our operating system. All could be scanned and sent, but they are not already electronic.
- The examination is currently in process and no final report yet generated. The on-site time was augmented with the virtual exam. For example - ALCO, Liquidity, Investments part of the examination was all done remotely with electronic documents produced for examiner. 100% of these documents were available electronically. Other aspects of the examination have been done remotely, however, only 80% of the requested documents were immediately available electronically. Overall, while more efficient from examiner perspective (lodging-travel-finding space in cu) it does take additional prep work for the credit union, at least in the first year.
- About the only items NOT maintained electronically is MBL files
- Some of the examiners are not knowledgeable themselves to evaluate the full scope of the records, computer supplied reports and workings of small and large credit unions. Cannot relate to all phases. Examiners are just people doing a job and should not bully the employees at a CU or put them down. They show up, spend little time reviewing records and have no idea who is being served, what the needs of the community are or really how to supply those needs in a timely manner. They also do not know what management is available to help oversee the running of a CU. Credit unions have been not for profit but service. I believe they have strayed from this outlook.
- Loan approvals are maintained electronically but not the entire file.
- We piloted their virtual process. We provided everything to the NCUA electronically but had to convert our paper loan files in order to accommodate them.
- We provided all documentation electronically with the exception of the member loan folders and membership cards/folders.
- I could easily make ALL documents electronic that are requested by the examiner.
- We are still very reliant on paper documents.
- All reports could be replaced as electronic.. all others would have to be scanned and sent,
- We have a paperless environment and have limited paper reports that would need to be scanned and uploaded but we could handle that easily.
- Although we are moving to electronic storage of our loan files....many are still paper
- Closer to 85%
- We have converted all data requested to electronic format as requested.
- Although the information is backed up electronically by our data processor, it is not in a format that would make it easily decipherable to forward to an examiner. I would be happy to scan or upload documentation to a secure site or via a secure method. However the site or method would need to be provided by NCUA.
- We have been able to provide all requested documentation electronically into a secure mailbox.
- except for transactions that would have to be scanned, I would not want to scan a number of loan documents
- We still use a lot of paper documentation however this can be scanned to an electronic format.
- All documents can be sent through an encrypted link.
- Currently our loan documentation is not available electronically...yet as we do have plans in 2018 to move to e-packages.
- We are a small cu and this would cause a lot of other issues and extra work.

- Most, but not all of member loan files are electronic. My examiners usually find it easier to go through loan files by hand than trying to look at it on computer. But, they could probably do a loan review onsite in a couple of days.
- Financial account reconciliations, loan files, BSA documents, spooled data processing reports would all have to be scanned to become digital. Minutes and policies are already digital.
- Much of our exam was complete "virtually" before the examiner came on site and WE LOVED IT.
- We maintain a lot of docs like loan docs in our optical system so we'd have to print and save off and put in their portal which would not be efficient unless they had remote access to our network to get to our optical storage. A lot of items can be delivered electronically but loans are a challenge and BSA to some degree is a challenge since all records are kept in Verafin for example.
- all polices are on paper except fininial records
- Loan docs are 50/50 on being electronic.
- loan review, policies, board minutes etc
- We are moving to 100% PDF availability very soon.
- Loan documentation is electronic, but could not easily be sent remotely.
- We piloted the electronic delivery of documents to NCUA during this last exam. The online portal was extremely clunky, and neither the examiner nor I had much success navigating it. Hopefully has been improved since then, as this was 11 months ago.
- How would this be sent to NCUA for privacy issues both in the transmission of the documents and the storing of the documents? This small credit union doesn't send anything with member's data information as we don't have a secured messaging system. Would this be an expense that the Credit Union needs to consider or is NCUA supplying the security site for document uploading?
- I was able to upload a lot of requested documents before the examiner came into the office; therefore, he did not need to spend as much time in our space. It was very nice!
- We are a small credit union, under \$10M, with a stand alone system, NOT connected to Internet via our Host Organization. All documents COULD be scanned.
- I give them 100% electronic now. I scan whatever is not currently electronic. The only thing not electronic is the Supervisory exam which is a 125 page binder.
- The small percentage of "paper" that was presented can easily be converted to electronic going forward.
- They are either maintained electronically or if not, could be provided electronically in a secure format.
- Loan documents are not electronically stored
- It would be time consuming to upload detail documents.
- 1.) We have a State Charter - and our State Examiners (Division of Credit Unions) does not provide us (or other Missouri State Chartered CU's) with a written CAMEL rating. Our examiners were very fair. I had no issues nor any 'material' disagreements over the exam results which just concluded 11-30-17, so I have not received the written, final report as of 12-18-17.
- we currently do not have our loan docs electronically
- The records/files they ask for are in multiple places and multiply formats (Word, Excel, Data proc repts, etc) transmission of the files for security purposes is not readily accessible or used in SMALL cus
- State of Montana has moved to doing 1-week of the exam off-site. Most of the documents can be gone over off-site.

- Not sure but the only electronic information is FedComp data base everything else is kept manually
- We are a very small credit union & do not have many records maintained electronically. Some of the reports created by our data processing system might be available.
- While most are electronic some need explanation and interpretation which is what I think is problematic with the off-site idea. Examiners tend to draw conclusions and even if they are not accurate it is very difficult to get them to change their mind/perception once established. Some reports might not be in the exact format or with all the information they want on that particular report.
- This is a bad idea as we do not get the opportunity to explain reports. We went through this with CPA audit. Communication dynamics are a problem.
- The exam appeared longer than actual due to our CEO and our examiner having pre-scheduled medical issues. contact was not constant or excessive.
- Limited resources do not allow the credit union to scan all documents (loans to name one) as we would like to.
- Our reports are generated from our core and are available electronically but our loan docs are not scanned and our sub ledgers are not scanned.
- examiner requested everything two weeks before appearance, we had to scan tons of requested material and send
- I can't think of any documents we would not be able to provide electronically.
- We have some items electronically; however, we could arrange to scan and send others.
- I would have to scan A LOT of materials! I would prefer NOT to have a virtual exam. Plus, I enjoy personal contact with the examiners. I can explain things better when they are sitting in the same room versus communicating through a computer.
- Virtual exams would be much easier as we had various examiners and they kept asking for the same information that we needed to provide. If we needed to upload it once then they can get it themselves.
- Documents that are not electronic could be scanned and sent to examiners.
- Some can be down loaded from the system and some can be scanned and sent
- Our goal is to go paperless as soon as possible.
- loan documents are paper
- Not everything is scanned
- I've provided documents electronically for the past 4 years ago and they still ask for printed documents.
- Our supervisory exam performed by a CPA firm is mainly performed electronically which has cut their onsite time down to 2.5 days. What we don't store electronically we are able to scan and submit via secure upload to their server.
- Loan documents are not electronic but could be converted and sent securely
- The examiners requested all the documents electronically but then wanted the physical copies once onsite which somewhat defeated the purpose.
- Other documents could be scanned in and sent
- Our goal is to become completely paperless as soon as possible.
- My report was issued end of November, exam was beginning of September.
- I use a flash drive with most of the documents the examiner needs. I then give her my flash drive to download.
- All but member and loan records are available electronically. Also, it is difficult to have face to face discussions concerning data.

- I would say the 25% that is not electronic is strictly loan docs and membership docs
- We are a small credit union and do not have the technology or extra funds to meet this requirement. They want everything electronic and then they beat us up on the electronic systems controls.
- Half of this information is electronically, but we scanned almost everything and put it on a flash drive and gave it to them on site. There was over 400 individual file or scans that we provided them and it was difficult to upload to a designated site prior to the examine when it is limited to the number of files the site can receive.
- But they would need to get access to our core and we would not allow that offsite.
- Our goal is to be completely paperless as soon as possible.
- We are restricted because of an old Core system. So, we still have paper loan files.
- We have not received our report yet the auditors are scheduled to meet with the Board of Directors on 1-16-18, no major problems were noted during the audit process but we cannot accurately complete the survey at this time
- Most documentation would be easy to provide electronically. Loan files are maintained electronically, as well, but within our core processing system. Loan files would require copying and then rescanning. This would be very time consuming.
- A large amount can be scanned to PDF and maintained electronically.
- Our credit union just converted to a new software system at the beginning of 2017, so supplying electronic copies was a bit earlier for this exam.
- most documents are available electronically unless the requests for the abundance of data (such as static reports that are in paper form that would have to be scanned because they cannot be recreated)
- NCUA already expects us to provide their document request in electronic form. The individual examiners don't always refer to these files and we end up providing hard copies to those individuals when they are on-sight.
- If not stored electronically the documents can be scanned and submitted through a secure portal.
- All financials, loans, and member data are archived. Items such as CTR's and BSA/Safe Act Training Records would have to be scanned.
- The few documents that were hard copies could have been easily scanned also.
- The only documents not available would be our member loan documents.
- He comes on site.
- All loans are paper forms, besides monthly business meetings and credit union officials and their relationships with other members of the credit union. So its about 30 - 40% electronic
- The only thing not electronic is the call report supporting documentation by page number and SARs
- All reports are electronically and we sent information requested on a jump drive. The only documents not sent electronically would be regulatory documentation such Bond coverage, etc.
- Call report support data is still very manual.
- Everything is on computer but it takes time to retrieve info requested.
- We give them everything electronic but they still don't look at it. They still ask for everything.
- Documentation for Member business loans and member loans are not currently available in electronic format
- we do not scan any documents
- It would be expensive to convert to electronic data keeping and probably would created additional security expenses. I like having the examiners. It helps me do my job better.

- Most of the items that they ask for can be submitted electronically. Board minutes, Supervisory notes and Member Verifications would all need to be scanned to the examiner.
- We currently send the majority of examiner requested items electronically, through a secure email.
- Only the loans are examined on site, everything else is examined electronically.

15b. Please describe any other issues related to safety or soundness raised by the examiner that are not covered above.

- No issues other than the NCUA commented on our level of net income. Not critical just commented
- No business plan for several years out.
- Delinquency in our indirect portfolio.
- NYC Taxi Medallion loan exposure.
- For the 2nd year in a row we are showing negative earnings for the year. Examiner did note the changes made by the new CEO and how she believed those changes were going to make a positive impact to the income statement, but it would take some time to see the results. We received a 2 rating on everything but earnings which was a 4
- Our tax exempt status was questioned.
- Examiner noted that several policies needed to be updated to address procedural items presently in practice.
- Supervisory audit. We have an active supervisory committee. Each member has their tasks that are done, monthly, quarterly, yearly. They wanted more of a plan documented. They asked many questions of the chairman. Sometimes we feel that they forget this is a volunteer position.
- Internal Controls: Examiner verbally noted that because of the size of our credit union and the inherent risk with a limited number of staff, internal controls were a concern and therefore the highest CAMEL rating would not be granted.
- Establishing investment portfolio risk limits, ALM concentration limit monitoring documented, creating a dashboard for monitoring trends, limits and ranges, product and profitability analysis insufficient, Indirect portfolio analysis insufficient, forward looking liquidity analysis insufficient, and IRR modeling assumptions required improvement.
- BSA/OFAC related issues
- The examiner wants the Supervisory Committee to do more. They meet every other month and at least one of them attends the monthly Board meeting. He wants them to review our file maintenance reports for unusual activity and to review a sample of officials, employees and family member's accounts at least semi-annually. The CPA auditors already do that.
- BSA-We had some money service business accounts that we were not aware of and they made a huge deal about it and spent way too much time on it. It must have been a hot button for them. We had to go through a lot of work looking at business accounts history and refilling CTR's.
- No matter what we do, they are never satisfied with asset/liability management processes. There is no limit to the amount of data and analysis that they want us to provide. And then they will always disagree. We can use expert consultants with complex models. But the NCUA will criticize the results if our results vary from the NCUA's simple model results. We can't win.
- Loan Return Rate - Feels it is too low and needs to increase. Problem being 90% of our borrowers are A+ or A and with mandated risk based pricing they get the very best (lowest) rates.
- Need to get expenses under control so we break even or show a profit.
- BSA policy needed updating and also our bond insurance deductible needed to be lowered.

- We have had one single employee group since 1934. After 50 plus exams the crux of the exam was focused on corporate governess with our employee group. There was no indication from the DFI or from the NCUA that this had ever been an issue in the past. The lack of agreements was the major focus of the exam. The RCW's sited were weak at best according to our lawyers. The exam had one senior examiners pushing an agenda which made no sense. We were downgraded as a result. The Board of Directors was not pleased with the exam and when I tried to set up a conference call in August to further give our thoughts on the exam, I was told I would have to provide "context" of the call before they would schedule a conference call. That is the first time I found out I had to give reasons to talk to my regulator. Very sad.
- Mention that budget net income could be grossly lower than originally projected. No compliance violation, but a perceived safety and soundness issue. Subsequently proven to be of little concern.
- We had a federal grant which was for low income loans and those with lower credit scores. Examiner did not understand who would promote a grant like this. Money was allowed for loss. When the money was in the books everything was fine. When loans defaulted they did not approve of the decline. Still showing well capitalized. Didn't approve of staffing that was not full time but scheduled to cover the peak times and a qualified person who could make decisions, do financials and direct without being in the office 100% of the time. Running for years like this. Qualified employees are expensive and will work jobs that pay for their skills.
- Lower than peer earnings
- Stressed the importance of combining RE investments and loans into our concentration risk even though our RE investments are agency issued. Also requested that we preform analysis if we incur loan losses in another downward market. He asked that we analzed what would happen if we incurred double and even triple losses from our worst years.
- The examiner's implied preferential treatment being given to family-member employees even though the employees have been working at the CU for over 10 years. We feel they were asking other employees for information on personnel issues when it was not their area of concern.
- Nothing was noted!
- they micromanaged areas that should have been left to operations since our credit union is well ran. They made the internal auditor cry and interrogate the Supervisory Chair.
- The examiner split hairs over a BSA issue. On the CTR there is a field for occupation of the member conducting the transcation. The field is not required to submit the CTR. The examiner stated the regulation states we should provide as much information as reasonably possible. We had not submitted an occupation in five years worth of CTR's so he noted we weren't providing the information and should. He also noted a PO Box as the member address which isn't allowed as physical addresses should be provided on CTR's. In this particular case the member had been with our credit union for over 50 years so physical street address was not required at the time of account opening. BSA regulations don't require us to collect that information on accounts that were already opened when the rule was implemented. The examiner noted it anyway.
- None, it was one of the best experiences we've had with NCUA examiners.
- EXAM JUST COMPLETED, NO FINAL RPT RECEIVED YET. ANSWERS COMPLETED BASED ON EXIT MEETING
- Credit administration practices were an issue as the credit risk management reports were not completely developed and being analyzed. It has only been 6 months since a core conversion with the additional software not working and in place until after the examination period. They saw the progress but because it was not finished chose to make it an issue. Member business

lending was an issue due to the lack of completed annual reviews of the loan portfolio that is less than 6% of the total loan portfolio. All loans are performing with no delinquency. Capital level was an issue at 7.7% and increasing. Primary cause of the ratio is significant asset/deposit growth without the current loan demand. It is also affected by the day of the week month-end falls as there is a \$6-7million deposit swing due to check clearings and month-end deposits

- Findings noted policy review and update needed in risk-based lending and pricing, which is ongoing.
- Disaster Recovery: Update signatures of an agreement between several small CU's in our area who use the same core to allow office space to another CU in case of disaster.
- No issues were noted. Sorry I cannot give you our camel rating!!!!
- It was determined that the CEO should be providing all working documents to our board to help them understand where budget assumption, yields and projections have come from. What an amazing blessing to offer to volunteers who do not have modeling skills to understand any of these pieces. Simple make work stuff because their findings weren't enough. We are here from the government and we are here to help...nothing ever really changes.
- Examiner stated "credit unions only make money when they are putting too much risk on the books. Since you all are making so much money you are a risk to the insurance fund." Our risk was too many real estate loans with no delinquency, 33% over funding in our allowance, and an ROA over 2%.
- Expense ratio compared to peer group.
- we need to get an IT Risk assessment in place.
- Biggest issue (and not much of one) was we don't retain an investment/ALM expert on staff and rely on Catalyst ALM services to keep us informed through reporting provided by them. I felt like they believed this wasn't adequate although not documented as such. At our size it is hard to have an expert in every area so we recognize we are overall responsible but having a partner like Catalyst to assist is a good thing.
- Manager discovered employee theft while examiner was here. Examiner stated we needed an outside audit done which we did.
- Website APY disclosure compliance. We were required to recalculate and update if needed.
- The Credit union is struggling with earnings due to low LTS ratio, high operating expenses and a recent increase in bankruptcies. Management is working to restructure CU and is executing a plan with the long term success of the CU in mind but EIC was essentially almost requiring us to take actions to boost short term earnings at the expense of the long term viability of the credit union. We had to bring the supervisory examiner into the equation in order to get the EIC to back off. The EIC would not listen to any explanations or review trend analysis to see that the CU is headed in the right direction. This was my 7th exam since joining this CU and I have never encountered anyone like this from NCUA. Most of the examiners I have encountered have been helpful. This was a young examiner with the wrong attitude toward CUs. I felt like he was working for OCC and trying to get rid of the small CUs so they don't have to deal with them.
- Because we had a new manager for our MBL department, that seemed to be an immediate red flag concerning the examiners. It almost gave them "ammo" right from the start. They want us to refrain from doing certain types of MBL loans, which we didn't really agree with but we were in a position right now where we didn't really have to do those loans anyways for a period of time. We don't need the loans right now, we are growing in other areas, and there isn't a high demand for these loans. We were required to get a 3rd party review of our MBL portfolio, our underwriting practices for that area.

- being a small credit union and limited staff the cross over of duties.
- More consistent review of file maintenance
- Our DOR indicates earnings. We need to return to profitability due to loan demand. Examiners findings indicated we need to perform both independent cyber and ach audits.
- Requiring expanded risk rating matrices for business lending
- Being a small credit union and staff of two they had issues of separations of duties.
- Our last exam was only by our Federal examiner who recommended that our CAMEL rating be raised from by a point. However, this is not going to happen until we have an audit by our state examiner. This is going to delay our being eligible for any outside grants. A new examiner is assigned but we have no idea when he will be able to come.
- We were assigned a MBL expert during this year's review.
- deposits in accounts over \$350,000.00
- He was just upset that we were barely in the negative earnings and that our expenses are high. We had zero delinquency and negative charge offs. However did not like that there is a high concentration of low tier paper loans.
- Supervisory duties did not do a sufficient reviews and was noted. Even though the Credit Union has outside auditors each year reviewing all areas.
- Set attainable goal for net income/capital growth by 12/19.
- The credit union's Information Security Policy needs to be in a format prescribed by the regulation RR748. The loan policies needed to be address the SCRA and Military Lending Act (MLA). NCUA exams seem to be policy driven regardless of the actual events and occurrences of any particular area. NCUA exams can be narrow-minded in what the Credit Union needs to do today to prepare for the future, even if this includes running a net loss to roll out products/services. For example, Sound net worth yet unhistorical small net loss at time of exam due to explained events yet the net loss results in exam focus and report highlights.
- There were some very minor BSA forms completion issues. IT area needs some strengthening. We outsource all IT. NCUA was very helpful in reviewing and making suggestions on improvements to request.
- Supervisory statement BI-ANNUAL verification was done June 2011, June 2013, June 2015 and planned to be done September 2017, so not to be repetitive & expected. Examiners Document of Resolution stated it MUST BE DONE with 24 month period and did NOT accommodate the Supervisory committee opinion of bi-annual within a calendar year. Board of Directors acknowledged the DOR - no agreeing with it. The verification was completed, and planned in 3rd quarter and communicated back to examiner.
- Though a specific issue was not noted as an uncorrected prior examination period finding, the examiners noted that "a third party review of the MBL program has been scheduled" specific to the risk ratings for MBLs within the ALLL funding.
- Our credit union budgeted a loss for 2017, due to two branch moves. Although this loss was planned, it threw an inordinate amount of scrutiny on our exam process...to the point that we still do not have a Final Exam report, 70+ days from when the Exam concluded.
- We needed to pull all of our cyber security procedures and policy under one umbrella policy.
- The vast majority of our exam issues were very minor 'ALM-related' policy revisions or additions, such as setting caps for certain credit union products (....i.e., investment, liquidity, and concentration areas), a minor Call Report revision, etc. None of the items were of any 'material' consequence.

- Over the past 18 months we have been audited by 11 different examiners due to our MBL Portfolio. These loans are a very small percentage of our total portfolio. We have a very strong NE ratio & have allowed for the non performing loans. After allowing our capital still remains over 11%.
- State criticized loans to borrowers with low credit scores, but delinquencies are at max 2 to 5 members and all delinquent loans total about 1/3 of amount in our LLR. They seem to second guess our decisions, without merit, and when credit scores do not accurately reflect long term members that are willing to pay 12% to 18% rather than borrow from pay day lenders, and most loans have collateral. Our recoveries exceed our losses most years.
- Efficiency ratio still high compared to peers. I feel that the peers should be credit unions that have the same type membership, i.e.; postal workers and within the same asset range. When we compare our credit union to other postal credit unions we are within their ratios. Postal employees have one thing in common nationwide, high transaction count (larger cash withdrawals). The high transaction count leads to higher efficiency due to higher staffing. We are currently working to re-negotiate some of our contracts to lower our overall expense and we have increase loans and are planning to purchase participation auto loans to increase revenue.
- Our credit union needs more loan income to be profitable.
- Failure to run OFAC as prescribed by reg. and problems with New Account Quality Assurance.
- Bring Your Own Device (BYOD) Policy IS&T Reporting to the Board of Directors IS&T Risk Assessment
- Supervisory Committee Chair not receiving complaints directly from NCUA
- We have a continuing problem with negative profits. I have been here 3 years and I have made changes to vendors and other expense items and increased loan income and investment income to reduce the negative earnings by 80% over the 3 year period. This does not seem to be good enough for the NCUA. I am hoping to reach a break-even point in 2018.
- They wanted Cyber Security training for the board. They claimed regulations required it but we disagree. However it was not worth arguing about. They are also struggling with data security. It was suggested we should have a separate data security officer but they backed off of it. they do not understand this area based on our conversations with them.
- Our Net Worth dipped slightly below 8% in the 3rd quarter which was the ending date for the exam and the NCUA came to my board talking about how we might want to start looking for a merger partner while we still had room to negotiate our own deal and before the NCUA had to pick our partner for us. We have been trending downward but we are trying to take steps to build it back up and I thought it premature to be talking mergers, it seems like the NCUA would like to eliminate small credit unions altogether to make their exam process easier.
- We lost a key employee who was an important part of our succession plan. We have not yet found a solution to the problem that many small credit unions face.
- Overall financial condition is fragile and may not be adequate to withstand changing business conditions. Minor changes to the business environment could materially derail the progress made over the prior year.
- The examiner stated that our expenses are too high and that we should rethink what we spend on compensation and advertising.
- The exam was far too focused on the "trees vs the forest" and all the issues noted truly had no safety and soundness effect. It was more documentation.
- We had a small amount of a certain loan type where the rate and payment were not adjusting properly in our system -- Management had already identified the problem -- the issue involves our core system provider and our LOS interface -- Problem was written up as a finding and recommendation was to work with Core provider to fix.

- Revision to loan policy already approved and in place.
- do not know - do not have a report as of yet.
- An individual examiner didn't think that we had updated our Commercial Lending Policy, even though the policy we drew from by our cuso was approved by both the NCUA and the state's Commissioner.
- Poor communication from regulatory staff. Our lead examiner left the state banking commissioner office within two weeks of our exam exit. Her professionalism was poor during the exam and we were not surprised she left. We had no issues with the NCUA examiners, very professional, communicated clearly and respectful of our time.
- Examiner took issue with CEO (40 years at credit union) attending the Supervisory Committee meetings. This examiner had been the Examiner-in-Charge for the past three years and had never had a problem with this before and there has never, ever been a problem with the CEO.
- Examiners were clear that they didn't like that we did loan participations and did non-member certificates for deposits. However, my issue is that they stated opinions that were inaccurate about both of these items like loan participations are not profitable and that the non-member certificates were at higher rates than what we would offer members which isn't true because we ran a member certificate special for the same rate but shorter term than what we did non-member certificates for. The lack of understanding before speaking was concerning.
- Corporate governance issues.
- IT Examiner wants to require us to buy a generator.
- Still well capitalized at time of exam but examiner did not like our 7.65%. Noted that we are located in a depressed part of state
- CEO's expenses were approved by Board Chair, was told to have the Audit Committee approve. The CEO provides the BOD with proposed Professional Development Conference or CCUA Annual Meeting - the examiner said it was a blanket approval and needed to be presented differently. We have very strong internal controls and because ONE day of our corporate checking account was out of balance it became part of the DOR. Our operations manager performs surprise cash audits of teller drawers along with vault each quarter. The examiners felt this was something we should hire someone from the outside to come to the credit union and perform these audits - they didn't trust our internal staff and their random selections for counting drawers and vault. I very strong disagree with 80% of the exam. The NCUA was also here and they had no concerns about our credit union with the only major item lacking was and Internal Audit Risk Assessment and Audit Plan.
- Comments received regarding business continuity plan and vendor due diligence
- Error to call report had to be updated.
- Examination team wanted CU to update a few policies to coincide with current procedures.
- The only issue brought up was TDR's and the fact that Chapter 13's should be classified as a TDR even if the loan is paid current.
- The examiners want us to take more risk. Our loan yield is low due to our concentration levels of low risk borrowers. Slightly over 60% of our FOM is still from the original SEG which is of a high credit quality nature. Our capital level is slightly above 8% and management doesn't feel that we can add a lot of risk due to this level. Unusual for examiners to tell us to take more risk. They reviewed denials and did not see any missed opportunities.
- Membership growth and Loan growth
- Implementation of CPI. They required us to change our process to amortize the premium over 12 months, previously we did it over the remaining life of the loan.

- On a Federal level I believe the feds needs to provide type of oversight of the Marijuana Industry; the credit unions are burdened with policies/procedures/oversight of these businesses so the marijuana related businesses should have to be inspected by the feds to even out the burden. We are a small credit union and in 2016 we unknowingly opened a medical marijuana business related account. Now we are faced with closing the account and facing repercussion of a dissatisfied member/business or commit a large amount of time to the oversight of the business; not to mention the amount of policies that would need to be written and training to properly oversee the business. If the marijuana related businesses had federal inspectors/examiners on-site the expense could be passed to the business. We as a credit union cannot discriminate and charge just marijuana business for the additional oversight expenses. On a Federal level marijuana is not legal but oversight for Bank Secrecy Act purposes doesn't legalize it; inspections by Federal Agents would assist the financial community.
- They want us to take on more risk. Our FOM consists of slightly over 60% of the original SEG which is very credit worthy and our portfolio consists of a higher concentration of quality loans. They did review denials and did not identify any missed opportunities.
- They were not happy with loan that were purchased outside our market area. Loans were not in our policy and everything was approve by the board. They would rather we make loans to our members. (we would like to do that also).
- Poorly trained and inexperienced examiners are the primary problem. Lack of IT expertise is also a huge problem. The spewing of best practices with no attempt to quantify the benefit of implementation has made the exam process less effective. Compliance is a moving target depending on the examiner on site.
- Supervisory Committee only have two members on your Supervisory Committee. Management Response: A third member is in process of joining the Supervisory Committee at the same time the audit was going on. Compliance Risk Bond Coverage Our current bond coverage needed to be increased to \$1,850,000. It was short by \$100,000 Management Response: Bond coverage was increased during the exam to \$2,000,000
- The calculation used to determine the allowance for loan and lease loss, which has been in place and acceptable for the past ten (10) years is suddenly not sufficient. Our organization has extremely low rates of delinquency and because we have been successful in increasing our loan volume (without increasing our delinquency rate materially) they feel the allowance is now longer valid.
- We had two Examiner Findings that were not noted above. One involved Asset Liability Management Internal Controls and the other involved Investment Policy Internal Controls.
- First time in 10+ years for a delinquent writeoff - so our out of date policy was not acceptable
- many examiners' findings were based on opinion and not necessarily a rule or regulation that was not being followed. they also used a category below "findings" called "supplemental facts" to document items that did not rise to a finding.
- The examiner did not seem to have an understanding of DUS Bonds and as a result made assumptions that were inaccurate.
- The NCUA is requiring we post repos much quicker to Other Assets Repossessed at book value. With a very short time line (20 days) we had to write some programing and use estimates. Because our CPAs are okay with our timeline and believe our financial statements fairly represent the CU, we are only modifying the call report. We believe that the NCUA should accept our CPA opinioned audit and not make us modify the call report. Plus they did not give us near enough time when you consider our size.

- There is a need to increase the loan portfolio and increased membership to meet the operating expenses.
- Noted that operating expenses increased from 3Q15 to 3Q16 and fee income was expected to decline. Concerned that several CTR's were not filed within 15 day limit. Mgmt put safeguard into place to prevent this oversight in the future.
- The NCUA examiner was fairly insistent about needing to use NEV methodology. We explained NEV is not required, and that we use other methodology. It was brought up multiple times, until we showed correspondence from NCUA to him stating NEV is not a required methodology of use.
- A couple of our policies needed to be updated and we are in the process of amending and seeking approval from the directors.
- We were told to stop Indirect lending and lending to members with scores <620
- Most of the issues in the exam were IT related. We had 21 findings and comments that we have addressed. Most were minor in nature.
- Our examiner stated that our CUNA Mutual COLI product was not authorized. We are disputing this assessment.
- cyber security was a very hot topic
- Indirect lending and concentration levels
- Better control of internal changes on core data processing system. A conversion to a new core processor has been challenging for monitoring any changes and needs to be closely managed. We are not in disagreement and taking steps for increased audit of the entire system.
- They focused mostly on loans, risk management, policies and internal controls.
- My examiner gave me a DOR on an consumer loan purchase. He believes that the Credit Union we made the purchase from isn't legal to sale the consumer loans. I showed him my legal opinion and my CPA's opinion stating that it was a true sale. He stated that you can get any answer you want as long as you are willing to pay for it. I found his statement to be extremely unprofessional and rude. When we proved him wrong on his DOR findings, he revamped it and sent me a new DOR saying my Concentration Risk Limits were too high. Now I need to adopt prudent concentration limits, reestablish my concentration limits, and document an adequate rationale for undertaking the level of risk indicated by the upper threshold of each limit. I have over 16% capital with .06% delinquency and .03% charge off. I feel like he is targeting me and my Credit Union. He also questioned our Strategic Plan. He doesn't believe it is adequate enough. He asked if I could choose from a price list as to how thorough a plan I wanted to purchase. My Board hired a professional strategic planner to help us through the process. My examiner didn't think we took enough time and effort to address our strengths, weaknesses, opportunities and threats. We disclosed our working papers from each group. But he didn't believe there was enough detail in the Strategic Plan.

16f. Please list or describe any other NCUA or state rule or regulation from Q.16e. for which a problem was noted.

- Part 748: IT Security. Requiring a data leakage protection solution, independent third party to perform IT audit, and risk assessment. Also vulnerability scanning tools. Plus purchase web URL for credit union (.net). Issues with security over challenge questions on eBanking. ACH Audit. We thought our data processing vendor who was doing the ACH self-audit was adequate. The NCUA disagreed.
- Examiner noted that Risk Assessment needed to be updated and several policies needed to be updated to reflect current practices
- More Supervisory items
- No findings
- 15 year limit on business loans sold to third party exceeded. Opinion letter from 2005. Never previously noted.
- Business continuity plan documentation needed updating and more current testing.
- Dormant account management - change made
- Problems noted dealt with policies not with practice.
- They get really hung-up on minor issues for which they take a very broad stance. If they don't like a policy, they'll claim it is a violation of the National Credit Union Act, even though they cannot provide any real support for their claim.
- policy updates only
- Lots of wasted time over an \$18,000 457 Deferred comp plan for CEO. Ordered to reclassify on balance sheet from available for sale to hold to maturity. Also dictated to that mutual fund was not allowable for a 457 plan. I involved the CCUL and other CEOs. Magically, they eventually reversed course after weeks of arguments.
- An accusation that MBL loan growth is too fast and the loans completed are a high risk; even though loan delinquency is an all-time low.
- BSA - Purchase of Monetary instruments by non-members at shared branching locations. Recordkeeping around this.
- He found a regulation from 2001 (16 years ago) that we apparently hadn't adapted in our collection policy.
- Undeveloped land that was being held for a future branch site. CU has yet to develop the land, we fell outside the regulatory window and did not realize we needed a waiver. Requested a waiver without any problem.
- Conflict of interest with board member under 721.7
- This exam was a nightmare. There are a lot of rude people that work for both agencies.
- We had no noted problems.
- Where do I start! My Board and myself (CEO) were ostracized and language was used that was inappropriate, when describing the Board's lack of oversight and the salary and benefits of the CEO, despite the fact that our Board uses the CUNA salary survey. Minor accounting errors were treated as if they were major and even though our earnings are 2+ times our peers, we were given a "3" rating for earnings. Board expenses such as providing a meal after a very lengthy Board meeting were brought up to length and the Board was told they had to pay this back. We provided an Expense Policy during the follow up exam and they still were not satisfied. NCUA sent in a IT Security specialist and despite the fact that we just lost our IT provider and had signed a new contract with a new vendor and had the majority of the issues resolved before the Examiner left, they beat us to death of this and Vendor Management. We had also contracted out Vendor Management and was working on uploading all documents and

was given no credit for this. We were by far more progressive in these areas than most of our peers as I belong to a group of 35 credit unions with assets under \$50 million and we discuss these issues. The lack of respect to our Board caused my Board Chairman to resign. This Chairman has extensive credit union experience and works with small credit unions in our state in the areas of marketing and strategic planning. Also, my COO quit as well as a result. There was no spirit of assistance and help, but just one of vengeance. They also were terrible to our Supervisory Committee which consist of 3 Accountants. Each year they perform a complete Balance Sheet audit and have been given high marks in the last 2 exams. This year they were told that their work was completely inadequate. At times there were as many as 6 examiners in our \$28 million credit union. Oh and I forgot to mention, I had asked that they postpone the exam until I could return to the office(approximately 4 weeks) and they refused. During their follow up exam which included both the State and NCUA, many of the DOR items that we had worked diligently on were not even reviewed. We spent thousands of dollars and spent many many overtime hours to become compliant and all we were told was that, "we can't change your CAMEL rating". Our total billing of the state Department of Commerce was \$23,100 for their hours. We are now in the midst of merging our healthy credit union, which I believe was their ultimate goal not just for us but all credit unions. As my Board Chairman says, this was a forced merger and I will go to my grave not understanding why they treated us which is growing and flourishing, while maintaining a profitability level far above its' peers and a sound capital ratio nearing 10%, in the disrespectful and unfair manner in which they did.

- Extensive findings regarding Part 748 that required large expenditures for the credit union to fix.
- I received a Document of Resolution stating that an OFAC check must be completed by my credit union for all wire transfers. OFAC checks are being completed by our wire processor, the Bank of North Dakota. However, our examiner pointed out that ultimately the responsibility falls on our credit union to verify that OFAC checks are being completed. Our credit union procedure was updated to correct this issue.
- Good rating but sorry that is a secret, no problems noted.. LOL
- We had a new, younger examiner, who had a great attitude and he did a super job for us.
- No annual Board BSA Training Completed.
- Deposit related - they wanted us to update our ACH policy to address Same Day ACH's BSA - simply wanted all CTRs and SARs be reported to the board and included in the board notes monthly.
- Missed downloading 6 fiincen reports throughout the 18 months of the audit. We have never had a fincen match in the 16 years I have been ceo at the credit union. Our membership are long term and are small town residents.
- Examiner findings states we need to perform independent Cyber and Ach audits.
- State statue 47.59 related to late payment maximum charge.
- information security plans/program and disaster recovery testing
- SCRA policy, CU immediately adopted Temporary No loans to insiders, or related family CU had complied Credit Score Notice, CU immediately complied
- Type of Investments were called into question and had to involve trade organization and outside attorney and brokerage firm to get matter resolved - favorably. Mentioned previously - IRR had to get Third Party involved - resolved favorably Concentration Risk - Had to resolve internally - resolved favorably

- As a small CU, we had one employee with Collection and Lending responsibilities as well as review of override/maintenance reports; the one DOR we received was to remove/reassign some duties to prevent conflicts. We were already in process of going into contract with 3rd party for audit of override & maintenance, BSA, and other reports; we agreed completely with the assessment; NCUA appreciated our timeliness of taking care of the issue and the Boards quick vote to correct the DOR.
- Several issues were related pertaining to the Internal Audit process, governance, and reporting.
- FINCEN update missed previous October. Update from FINCEN was Oct 1, 16 & 31st. Our credit union expected twice a month and missed the middle of month file. This was noted in our Supervisory Audit from previous year end. We changed our process to ensure no future files would be missed and everything has been working smoothly since. Examiner instructed us that this was NOT acceptable, we needed to back to FINCEN and ask them to re-post the missing file (from almost a year ago) so that we could run against our files. What a waste of time!
- BSA Assessment-we were using the one provided by the NCUA and that was not good enough so we created a new one more in depth for what we do. We got the Virginia League to help us out. It's hard to know what the NCUA expects when their own forms and suggestions are not good enough.
- BSA Staff Training, MLA, CIP, 5300 Call Report
- Though a prior examiner's finding was noted with regards to a small sample of consumer loan disclosures reviewed and accurately disclosing the "itemization of the amount financed" on the loan agreements, this issue had been resolved as of the current examination date of 06/30/2017. A new lender platform had been implemented to prevent the errors from occurring.
- State Regulators forbid our credit union to go above 5% of assets regarding nonmember deposits. Had to meet in person and negotiate going up to 7.5% of assets. Nothing listed in state regulation regarding their 5% threshold -- they are using this arbitrarily due to a bank going under, who used nonmember deposits. As a CDFI/CDCU credit union, this is causing undo burden to Point West. We should have the flexibility to utilize a higher percentage of NMDs, as long as it is in keeping with our policy and risk parameters established by the credit union. We have continued to push our state regulator on this issue, and it is becoming a sore spot in our normally positive relationship. We would like our State Examiners provided with additional education regarding NMDs, but this must be handled delicately, as we are already concerned now about burning political capital on this issue.
- No problems noted on exam in any of these areas.
- Problems with the MBL Portfolio
- 1) NCUA cited CU for finding old copies of military IDs; former employees copied to show they check ID for BSA, but CU was cited as violating US Code. 2) Part 681 FTC - managements written report to Board not done to show risk assessment of account opening, & methods which they can open account. 3) Record retention, Ga Rule 80-10-1-01(5) concerning loan records - paper file was missing but CU had scanned & signed copy of loan documents from over 4 years ago, but was cited for "loan underwriting documentation is missing"
- Want board to receive BSA Training.
- We were required to update 3 policies (disaster/recovery, civil relief/military lending acts, and information security). we have returned these policies but no feedback yet.
- A finding was issued regarding Informational questions in our Call Report that need to be corrected going forward. Corrections in future call reports will be made.
- don't know do not have a report yet.

- First time in my 18 years with the Credit Union that we had an examination that didn't contain a single finding. We did have a separate Fair Lending Examination (prompted by a large potential merger we were working on which has since been called off) which did have a few minor findings.
- Some of the problems noted but no action required was that we "almost" violated a rule/regulation but we didn't. It is a little perplexing of why it would even be stated if we didn't violate anything.
- Very slow in loans due to high layoffs in our area. Two bankruptcies that hit our credit union hard from A+ members who loss their jobs.
- IT Policies and Disaster Recovery - Improvement with both areas - still need strengthening.
- Supervisory Committee not reviewing enough items or areas of risk since we are a small credit union.
- Examination team wanted CU to update Strategic Plan.
- On the board level involvement for BSA - we received a DOR because we failed to get a list signed for the annual 2016 BSA training -- it was performed, just did not document with signed list, or at least we could not locate it - this was for the 2016 training & we have since had the 2017 training during the exam time which we did get the list signed. Still issued the DOR.
- BSA Training was not completed to their satisfaction and we agreed
- E-Banking Policy needed.
- Poorly trained examiners are the problem. This results in inconsistent interpretation of regulations on a regular basis. When we ask for specific references in the regulation they are always unable to provide any reasonable reference. It then becomes a "best practice" issue. Who can argue with best practices? Is there a list of them? I have not found an examiner who is willing to address these questions.
- We had two Loan Exceptions. In one case the borrower did not sign or date the application. In another, the borrower did not date the application. We had two Member Business Loan Exceptions and Observations. In general, both exceptions recommend the credit union include more documentation supporting things like occupancy/vacancy rates, lease and rent rolls, and stress testing.
- Required independent validation of third party account monitoring software (Verafin) for the current year. Validation was in file from previous year.
- misunderstanding of filed of membership and indirect auto loans
- 748 Appendix A, online username/password security levels.
- SECU had no issues with NCUA or State rules or regulations. All of the items noted above were highly examined and we had no Findings or comments.
- FinCEN and OFAC checks are required to be conducted in a timely fashion as it is required.
- 703.5 Discretionary Investment Control
- non that i can remember
- We did not write any new mortgages during the period of examination.
- All board members had to complete BSA Training and did.

20. What hot topics, concerns, or trends, if any, did you examiner flag for your attention in the next twelve months?

- Data Security looks like a hot topic-and probably will be ongoing! However, to our surprise, the new ALM test by the NCUA did not prompt any ALM issues (we are classified as "moderate" risk).
- Managing delinquency and charge-off in our indirect portfolio. They did note that our loan yield was sufficient to cover the additional risks we plan for.
- Capital ratio was at 7.65% Gave us 24 months to improve and must meet quarterly goals. Our credit union is in a depressed area and many of our members lost their jobs We are beginning to recover even when examiner came in.
- Cybersecurity
- Locking down USB ports. Testing of incident response program.
- Tax exempt status. Collections from cosigners on delinquencies.
- Accounting for senior level deferred compensation investments and small discussion about CECL.
- Complex investment and real estate concentration limits; information security risk and training focus.
- Overall Policy Update Security and Cyber Threats
- TDR loans and ALL
- Supervisory- Website- OFAC-
- Back testing for interest rate risk Independent testing of interest rate risk model which involves hiring an outside firm to review an outside firms model (Brick's Model) My opinion is Brick is on the cutting edge of their interest rate risk model and finding someone to independently test their model is useless for a credit union our size. Simply a way to spend more money.
- Continue to monitor cybersecurity threats
- Military Lending Act primarily and of course Cyber Security.
- The ALLL fund was underfunded. We have a problem with delinquencies/collection efforts that need to be addressed.
- Cyber Security, Encryption
- BSA/OFAC AND INDIRECT LENDING
- IT & Cyber Security
- Policy updates, and changes for "new" staff.
- Different policies
- Cyber Security Loan Concentrations
- Cyber security issues.
- Cybersecurity, CECL
- Policy updates & additions as needed based on current regulations.
- BSA
- military lending
- Interest rate risk which they seem to be obsessed with. the keep thinking there is going to be a spike in rates and we will return to 1981-1983. any rational person can not make a case for this happening yet they ask us to constantly manage for an event that has not happened in over 30 years. Their NEV supervisory test gives an extremely understated value to core deposit even though we can prove something different. Modeling makes no sense anymore. If you have a large level of core deposits you will turn out high risk. If rates go to zero again we will be out of business yet the NCUA is more worried about rates going to 20%.

- Update policies.
- Strategic planning
- They became absolutely obsessed with the most trivial things (teller drawer over/short tracking; dormant account procedures), and paid very little time or attention to major issues such as cybersecurity. It was quite amazing. It left us with the impression that the examiner will focus on the things they understand, and avoid scrutinizing things they don't really understand themselves.
- Cyber Security and Succession Planning
- Interest Rate Risk management and cyber security management
- Georgia State Regulators have one hot topic when examining our CU. They believe 8%+ Net Worth is insufficient. They fail to prove that 8-9% is inadequate for our level of risk but they insist on pressuring the CU to reach at least 9%.
- ALM
- hiring a 3rd party to review IT
- IT security, concern about indirect lending
- More involvement from the supervisory committee.
- normal cyber security and liquidity issues.
- Data Security, BSA.
- Discontinue MBL loans they consider "high risk", documenting their concern for marginal net income.
- Capital growth.
- Use computer reports do not use paper reports.
- Cybersecurity
- Liquidity
- better policy documentation, IT security issues
- Cybersecurity
- Risk lending and talked to me about record retention. All in all it was a great exam
- The NCUA examiner asked to come in to the CU for a 3 day review. He failed to ask us several questions and instead, placed them into a report that include a DOR after 2 days on site. He appeared to be not prepared and when he placed something in our DOR that was 100% incorrect, I asked him a few questions to help him understand his error. Instead, he insisted he come talk with the board. In the end, he was incorrect and it made him look very bad.
- None that I recall. I will say that our perspective is qualified by the limited number of recommendations as well as the minimal amount of time spent on site. That did not create a lot of interaction with the examiners or opportunities for argument/disagreement.
- it security
- it
- business loan appraisals - underwriters prepare document confirming review of appraisal
- business loan follow up - tracking system needs improvement
- business loan - underwriting write-up needs more detail on loan review
- Our conversion to a community charter and cautiously approaching projections.
- Preparing for CECL
- Third party due diligence.
- Strategic Planning
- ALLL and ALM model validation

- Rewrite all loans policies and procedures Segregation of duties in a VERY small CU, without having sufficient resources Require ALL staff and volunteers to be coded as "employees' needing supervisor overrides for any transaction. Doesn't allow new tellers to do any transaction. Big inconvenience to them. Write many new policies for things like website, member security, technology, ATM, Cards, etc.
- Information security. Disaster recovery
- They did let me know that I didn't need a Fair Lending Policy now but I would before the next exam.
- complete a new planning session be mindful of timing when sending Right to Cure notices
- Covered in prior page.
- Penetration Testing, Military Lending Act
- Cyber Security and Vendor Management
- Policies
- WE JUST LOST OUR PRIME MTGE LENDER SO WE NEED TO FIND A PERSON WITH MORTGAGE LOAN EXPERIENCE
- She stated that I need to assign qualitative and environmental factors to my loan loss pools for my Allowance for Loan Loss Methodology. It has been very difficult to find quality guidance on how to apply this specifically to my credit union.
- CECL
- Cybersecurity
- No specific items. No
- Cybersecurity, capital ratio
- We had no corrective action, thus the reason for some no answers. We had a really good examiner who was very helpful.
- off site DR testing
- NCUA: More detailed business planning. State: Future CECL requirements will require capital level monitoring.
- Cybersecurity
- interest rate and loan concentration risk ALM
- Loan Concentration Risk.
- IRR, Cyber Security,
- Making changes to our lending policy.
- Liquidity and Exception documentation
- Need for liquidity policy based on asset size.
- CECL prep, growth patterns, delinquency issues.
- Enterprise Risk Management
- BSA Independent Audit, IT Risk Assessment and IRR Model validation
- No flags
- They are looking for a substantial investment in cybersecurity yet they are concerned about earnings.
- We had 4 auditors audit our credit union for a week. Two ncuA and two state. The state auditors were reasonable. The federal auditors were rude and unreasonable. Our write offs were high the last quarter of 2016. This raised a red flag to the ncuA. I received a call from our ncuA auditor in January and February 2017. I was required to submit her a number of excel spreadsheets regarding our delinquencies and writeoffs. This was very time consuming. I am a small credit union with 2 full time employees and one part time employee. I got sick of supplying this information every month so I told her to come out and audit us, if she was going to continue

to request three schedules. This was my first mistake. The NCUA scheduled an audit for the next month. They decided to audit my March 31, 2017 on April 3, 2017. I had to close my books on Saturday April 1st and submit my 5300 the same day. Thus I was unable to verify the accuracy of my report. The one NCUA auditor was completely obstinate. She wrote up documents of resolutions for our all calculation of all. This calculation was considered correct in the audits the past 16 years. This change in the calculation made us fund our all by over \$20,000. She changed our write off procedures and made us write off all our delinquencies that were over three months past due. This has significantly affected our net worth and has over funded our all. She would not listen to me and talked to me as if I had no knowledge of my job. The audit I had 18 months before this was the best audit I had ever had. This was the worst. Nothing had changed except a few bankruptcies and one auditor. I called the federal and state supervisors in to discuss the issues I was having. They agreed with their auditors and I was held to their standards. I had no further action I could take.

- Tightening liquidity but we have a business plan that showed what we are doing so it was not an issue.
- ALM policy requires adjustment. We had limits based on NEV as we have for years but there seems to be an emphasis on the IRR model more than NEV now in the rate shocks. I am still trying to envision the need for such extreme shocks given public pronouncements about the speed with which the FOMC plans to move rates.
- Recommendations to monitor liquidity and concentration of loan types.
- Internal controls
- Increasing income and decreasing loan delinquencies and charge offs.
- Liquidity
- Didn't really talk about any
- None which is frustrating. Cybersecurity? No.
- Earning and growth that promotes profitability.
- CECL
- They were concerned with the amount of MBLs on portfolio and any loan that is not collateralized by RE is outside their comfort level.
- Liquidity, ALM
- attention to the allowance for loss account and quarterly calculations
- Negative earnings Active Supervisory Committee
- IRR
- IRR Concentration Risk Investments
- Cyber Security. I need to have pen testing done (as requested by the NCUA) but it will cost the credit union approximately \$17,000. That is a very large number for a credit union that has income of \$25,000.
- primarily in the IT environment, the IT examiner was very knowledgeable and helped us a lot
- Reg CC could be a future hot item, so be sure to include training for lending staff and document the training.
- Governance and reporting of Internal Audit process
- Items above, particularly item 18 - NCUA did not meet with any volunteers following Exam and after receiving report. They did touch base with Supervisory Committee chair during their visit. They do not plan on an exit meeting with the board.
- Cybersecurity
- They were extremely concerned (unnecessarily so, in my opinion) with ALM practices and liquidity management.
- Continues to criticize CU for NWR below 10%....at 8% at time of exam.

- The DFI and NCUA found no issues with the credit union.
- Optional Diversity program that the NCUA will be going more in depth with in coming years
- For the first time in 15+ years, we had 2 repossessions and loan write-offs. Our previous policy was always sufficient and our Allowance for Loan Loss account was previously deemed excessive because we didn't have any issues for 15+ years. Now, unusual circumstances, are NOT the normal, so recommended process changes, while have some merit, are NOT fully applicable for our operations.
- Credit Unions hear a lot about BSA and frankly it has little to do with the safe and sound issues that generally surround credit unions. It is well past time to recognize that credit unions should demand reimbursement for the BSA hoops they jump through. It represents a tax on the members that should be paid for by the agencies that use the information. We would be surprised if the onerous BSA demands were maintained if government agencies were required to reimburse.
- Loan ratio to shares. Not enough. BSA training
- I don't really recall any.
- Continued emphasis on cybersecurity, BSA, lending regulations, CECL for ALLL, and IRR were mentioned for attention going forward over the next 12 months.
- Cyber Security and Fair Lending
- Split Life: We have a split life finding which State Examiner indicated needs to be completed before the NCUA arrives next year for a joint examination. State Examiner wants to complete the finding though, outside of us opening the split life contract for review with a lawyer. This practice would cause a THIRD document to be created, to manage the plan. Liquidity/Cash Management. The credit union is currently 93% loaned out, but the examiner is arbitrarily limiting our use of NonMember Deposits Loan Underwriting practices & Collection Practices. The credit union must deploy participation sales to be able to keep lending. Examiners concerned about CUs ratios, even though ratios are in line enough to NOT warrant specific Supplementary Facts to improve credit quality.
- Our examination was simply a process of completing it and moving on. Nothing helpful, not issues, did not really delve into any real detail in any area that would help or hurt us.....waste of our time.
- keeping up with all of the compliance requirements.
- Indirect concentration. I also asked her if there are any additional things that we need to consider as our asset level hits \$250M. She said that things to consider are strewn through NCUA guidance and there isn't any consolidated list. However, she then proceeded to examine us as if we were >\$250M even though we hit \$250M in the months following the exam period and we have plans to shrink back down below \$250M at yearend.
- None of any detrimental consequence nor materiality. Since there were no significant items discovered during our exam, we were not required to respond to our examiners in writing as to our final report's 'findings'. Also, because our exam had no material findings, an exam 'exit review' was not conducted by our exam crew, as they felt it was not at all necessary, unless we simply wanted them to conduct one.
- Cyber security, Interest rate risk,
- Cyber Security
- Cybersecurity, it was extremely focused on MBL Loans
- IT IT IT IT PLAN, WRITE or develop plans, anything but service to members.
- I do not remember. I really don't pay attention to trends the examiners identify.
- Cyber security
- Cybersecurity and IRR

- Being aware of the amount of loans we issue based on credit criteria.
- IT Security; BSA Monitoring, Policy Review
- Marijuana accounts ALLL and BSA are always hot topics All of these answers apply to the State of Montana. NCUA was in to review Executive Benefits and the examiners did not understand 457F plans or Split Dollar Life Insurance.
- CECL
- self testing of Information Security processes and policies.
- As usual it was to lower expenses and increase loans
- Again they are struggling with data security. They know it is important but do not know how to approach it.
- Allowance for Loan Losses adequacy.
- Raising our Net Worth
- As a CAMEL 1 credit union with 20% net worth - we must be doing something right - which only leads the examiner to nit pick about things of little consequence. Making tiny mole hills into giant mountains. Important things like the upcoming changes with CECL - he knew NOTHING.
- RISK BASE LENDING GUIDLINES
- Information security and negative earnings.
- BSA items (minor process improvements, but not BSA audit was done), sale of two assets in process (large dollar amounts).
- Reconcilements
- CECL - the examiner stated that we need to fund the allowance to be ready for CECL.
- We were cautioned to watch the credit scores and the loan amounts given to some of our members.
- ALM Interest rate risk
- liquidity interest rate risk
- The questions relating to the board of directors were neutral because the exam team did not have the opportunity to speak to the board.
- None noted.
- Cyber security and additional ALM modeling.
- loan reporting in anticipation of CECL, minor policy enhancements
- The Examiner-in-Charge wanted the auditor to be sure to put the date she came to do the audit and the date she left on the audit papers. She also wanted the CEO to attend the Supervisory Committee meeting only if invited. She also informed the CEO that the other examiner wanted the CEO's job when she retired but that he would have to have a bigger company car!
- Loan Participations
- Disaster Recovery IT
- I was not the CEO at the time of our last exam. I don't know what he discussed with our previous CEO
- Liquidity Interest Rate Risk Board/ALCO Meeting Minutes - Need Detailed Discussion
- Cybersecurity will continue to be a focus. BSA Indirect lending/business lending
- Lending and ALM Policy changes.
- We were over funded in the allowance for loan losses. We were advised to halt further accrual into the allowance account despite the fact that CECL is coming in a couple of years.
- liquidity management
- compliance, liquidity, interest rate risk, expenses
- Cybersecurity review was minimal due to unavailability of a RISO and would be reviewed to a greater degree in the upcoming examination.

- truth in savings handout NCUA poster policy clarifications
- require us to be on a 24 month plan with examiner coming in on a regularly bases. Required us to name 3 other credit unions to merge with if it became necessary. Board strongly disagreed since our credit union was already making progress at the time of the exam.
- Cyber-Security Fair Lending Interest Risk Rate Management BSA Strategic Planning
- HELOC Rate Change Calculations and enforcing them. The credit union recently had a CRA exam, During the CRA Exam, the credit union reviews loan disclosures, loan documentation account opening procedures, training documentation, etc, The credit union received a rating of 'Satisfactory' during the exam, however all of the finding from the CRA exam was ballooned into something the MA Div of Banks examiners could run with. The Examiners from the state seem to have their focus on catching you do something bad :(
- liquidity, we have had strong loan growth and they wanted to make sure we are monitoring this so we didn't run into problems.
- Policy reviews, some board minutes not available, new policy, ALLL policy, MLA policy, the Supervisory Committee needs to be more involved, Board of Directors need to be more involved.
- continuing to fund ALLL and succession planning
- Updating policies to better reflect operational procedures and staffing
- interest rate risk
- Indirect Lending Policy and Procedures. We are new to Indirect Lending, employing best practices, very conservative.
- Delinquency Report, Call Report, and ALL Report
- ROA Loan Delinquency ALLL
- *ALM *I/T *Cybersecurity *Risk Assessment *Access Control *Network Architecture
- External audit of the credit union, the supervisory has been doing internal audits for many years.
- We have very strong liquidity, yet they stressed that rising rates will cause deposit runoff. Emphasis on more stress testing regarding deposit runoff is being required even though we did stress test with shifts from money market accounts moving to CDs. They want us to stress to the max deposits running off to the extent it eats up all liquidity. They want to know what the "breaking" point is. We have the lowest COF in the area and have not seen deposit runoff yet, we are 70% loaned out and would be able to make the necessary adjustments as we see signs of deposit runoff happening.
- Cybersecurity Vendor Due Diligence
- Safety and soundness for my credit union. For smaller credit unions, there continues to be a push to make sure there are dual controls when possible. Underwriting and following the loan policy that is presented will be heavily watched in this next year as well.
- Business Plan, Policy Review, Membership Growth, Personal Loan Rates
- Disaster Recovery, Incident Response
- cyber security & BSA
- Cyber Security
- cyber security
- IT-Risk Assessment and Supervisory controls
- Marijuana Related Businesses-Burden of oversight for small credit unions
- Cybersecurity and Penetration testing
- cyber security
- Changing loan underwriting criteria. Reducing charge-offs.

- CECL, Cyber security
- the ALLL policy methodology needing to be corrected. Changing the and keeping up today on how to report Charge Off's on Call report.
- Cyber security is an ongoing hot topic.
- We have excellent liquidity. We performed stress testing for deposit runoff and remained within our liquidity compliance limits, however they want us to stress this runoff to the "breaking point". We have the lowest COF in the area and have not seen deposit runoff. We are 70% loaned out and will move deposit rates when necessary.
- liquidity Cyber-security
- cyber security
- Liquidity, loan volume, and mortgage concentration
- Information security
- Information Technology, Cyber Security, Third Party Vendor Management
- Topics - Cyber Security
- Main discussion was BOLI and Split Dollar Life Insurance pending regulations
- Cyber Security, MLA
- Cybersecurity
- liquidity, allowance for loan and lease loss, sub prime lending
- Continue to monitor, manage and control credit risk. Continue to monitor, manage and control interest rate risk. Continue to enhance succession planning.
- Nothing new except for implementation of new regulations such as the upcoming HMDA and BSA/Beneficial Owner regulations.
- remaining profitable; finding sustainable growth
- Military Lending Act
- Profitability, Reduction of expenses, Productivity
- IT Governance ALM/IRR/Liquidity Policy enhancements Enterprise Risk Management
- They emphasized the need to stay on top of BSA reporting and Cyber Security threats, although they didn't find any shortcomings.
- Stay on top of cyber security and maintain a strong IT presence.
- None. The board was not required to meet with the NCUA so I left those questions blank.
- Cyber Security.
- Nothing mentioned
- To become fully PCI compliant. (Note: Many credit unions are not fully PCI compliant and are somewhat at the mercy of vendors on this issue.)
- Watch delinquencies but other than that we were and are in very good shape.
- Loan portfolio risk evaluation.
- Part of the DOR was to perform the inquiry on a timely basis even though no matches have ever been found.
- Gave us guidance on additional reports we need to look at for SAR filings. When they initially mentioned to us the quantity of SARs they see for our size credit union, we were astonished. But.....once we looked at additional reports, we agreed.
- Creation of Information Security Program to include an annual Penetration Test and Monthly Vulnerability testing. While this is very important it did put some unforeseen burden of cost on the credit union for last year. However, going forward it will greatly enhance the protection of member information. I am new to the CEO position and strongly agree with this being implemented.
- Lending, ALM, liquidity, managements ability

- None that I can remember being mentioned.
- Mostly Cybersecurity related issues. We had three examiners and a consultant on site and they added value. It was like getting an IT consultant for free. SECU was already addressing most of the 10 Findings and the Examination helped us to prioritize our IT efforts.
- Some of our policies needed to be reworded to clarify
- The examiner noted that improvement needs to be done on policies. Also, improvement is needed in complying with the credit union's board-approved Collection Policy.
- loan growth
- additional training for management evaluating our participation in Business Loans through the CBS co-op. Cyber security and completing the FFIEC More due diligence with vendor management
- liquidation
- Credit quality, concentration limits, investments, BSA
- IT review, Student Loan review, MBL review
- Need to perform more risk analysis on services and programs. Reduce expenses. Keep in line with our budget and strategic plans. Monitor regularly and change when necessary. We have recorded negative earnings for the last few years and just showing positive earnings for 2017. Liquidity is a concern if interest rates rise. Policies and procedures were reviewed. Cybersecurity concerns for procedures in event of breach. They said "not a matter of if, but when."
- Information Security
- Cyber Security
- Continue to grow net equity
- there was none
- Delinquent loans , liquidity
- cybersecurity
- Member Information Security Program
- ALLL calculations and how charge off's should be handled.
- Liquidity risk was a primary concern for the exam team in 2017. We have had Capital Markets Specialists (CMS) onsite the last two years and this has been their primary concern in the ALM area. Their concern in the most recent year revolved around our level of unencumbered liquid assets. They did not like the fact that we were pledging our investments as collateral against borrowings instead of our mortgages.
- We discussed the possibility of getting into loan participations and they shared some things to "watch out for"
- Cyber security, interest rate risk
- Maybe hiring an outside firm to balance the accounts.
- HIGH RISK LOAN CONCENTRATION NEEDS TO CONTINUE TO BE REDUCED

21. If you could make one recommendation to improve the examination process in the future, what would it be?

- Longer duration between exams.
- There tends to a over emphasis on Board policies.
- More off site review of documents, including review of our resolution of prior exam findings.
- Keep our regular examiner involved, who understands the area and our operations
- Examiners should have a balanced regulatory and business sense to their examinations. We have found our examination team helpful and cooperative over the last few cycles, despite the pressures we are under with our taxi loans.
- Exam is fair. Examiners have to, and do apply the rules of the State. Very difficult for small Credit Unions to exist with current policy requirements (hard to keep up with changes and regulations).
- Send qualified examiners who do not work from a checklist. If they do not understand the questions that they are asking us, then how can we answer them ?
- Our examination process start to finish took nearly 60 days (the max). The reason was NCUA examiners being pulled in and out of situations at other credit unions. This was very disjointed and distracting for our credit union. The exam needed to be managed much more expeditiously and professionally.
- We obviously had (2) newer examiners onsite during this exam, and were able to visit and discuss our operations with those two examiners during the course of their onsite work.
- Materiality should be considered before something becomes an examiner finding?
- No issues with the examination. This was the first time NCUA has conducted an exam at our shop for over 20 years and sounded like they won't be back for another extended period as they had no issues our concerns. State examiners always bring up cyber security and suggest ways we may be able to improve with minimal cost, so we value their input.
- That they are more open with management regarding any issues that come up and not to wait until they meet the credit union board representatives.
- One would be to have the examiner know your credit union. Perhaps have a phone interview after they've gone through the call report, decided on any issues they would like to discuss. Have a plan in place with regards to your credit union. We're not all the same. Communicate before, during and after the exam. Realize this takes a lot of time away from the entire team, which in turn puts at least a month of time into gathering, answering, and dealing with an examination of a small credit union. It takes time away from us doing our real job, which is helping our members. The time they have allotted for small credit unions is way to much. We are 22 million in assets. They allotted 2 weeks of in office time. No examiner spends all that time at one cu. It may end up being a month before that exam in finalized. 3 days this week, 2 the following, etc., It's to long. Takes way to much time away from our members.
- Exam applied regulations for \$250 million credit unions (however, our asset size is less) in addition to other concerns.
- To clearly delineate guidance and regs in the examiners' minds and the approach to the exam.
- IL examiners have a very narrow focus. They're happy to list miniscule loan findings but don't address big picture topics and/or give helpful guidance.
- Not every issue needs to be elevated to an examiner finding or DOR. A best practice should not be a finding.
- Perhaps a little longer face-to-face exit exam.

- The exam sometimes spends too much time look at things which are largely irrelevant until put into a large scale context. This would be something like BSA where we spend hours of compliance on something which provides little value
- Allow to submit as much as possible via secure portal to eliminate or at least minimize the time the examiner is on site. It is hard to provide space and staff attention to the NCUA examiner when the CU is small and with limited space and staff.
- CONSISTENCY IN RECOMMENDATIONS FROM ONE EXAM TO THE NEXT.
- Examiners need to take a consultative approach and to start by understanding our long-term business plan.
- I would prefer to keep my examiner. He is easy to work with, where others have not been.
- When examiner's find something that needs addressed it would be helpful if they have exact examples to help the credit union correct this issue. Example is the MLA. They had no example of policies to share.
- I felt like we did not get any positive feed back. I appreciate the suggestions about improving our policies, however, after focusing on fraud and not finding any issues, it would have been nice for him to let us know things are we are doing good at. We only hear negative remarks.
- We don't need an exam every year. WE are rated a 1 and have capitol ratio of 14.50%
- Take into consideration the efforts being taken by staff and management to correct items before the exam team gets to the credit union. We have been very aware of the issues brought up and have been working to remedy the situations.
- As we are a Camel 2, the 18mth cycle would be helpful as we are a smaller CU with limited resources. I am new to the CU- started just before our exam- but it went very well. Still on a learning curve however.
- lengthen the time between audits
- Go virtual and not have them on site would save us hours of time.
- Base IRR part of the exam in some basis of reality for the environment we live in today.
- Have examiners that live in our local area.
- The examination takes too long. We had 4 state examiners and 1 NCUA examiner on-site for 4 weeks. For a single location credit union with \$57 M in assets this is far too long. The results of the exam were basically "housekeeping" issues. This exam process should not take longer than 2 weeks. The resulting invoice for the exam was excessive due to the time it took to complete the exam. The state does not seem to have any incentive to complete their work in a timely manner. When NCUA is the lead examiner the exam takes 2 weeks with the state participating. When the state is the lead examiner with or without NCUA participation the exam takes 4-5 weeks.
- We have a very good working relationship with our examiner. He is fair and knowledgeable and allows for discussion when needed.
- The NCUA should hire more people with actual experience in banking or credit union management or operations. It is clear that they are career regulators with no actual industry experience. They like to enforce rules "by the book" with no regard to real world issues or practicalities.
- Less criticism and more helpful recommendations. Don't just tell us what you see wrong but offer suggestions on improvement.
- Regulator that allows the Credit Union to run its ALM software in-house using documented assumptions and methodologies.
- Request precise information, not broad area. Pulled reports and scanned several pages of information when the actual 'needed' information was not included.

- All examiners should be on the same page. We have had to make changes one year per recommendations of one examiner and the next year the examiner doesn't like the changes. Also policies are considered incorrect but they have not changed from year to year and there have been no regulation changes. So again, one examiner thinks everything is good and the next examiner does not. Needs to be more consistency.
- To consider that each credit union is unique and what works for one may not necessarily work for another.
- Positive partnership
- Overall the examination process has not been not a major issue. The volume of reports-data the examination requires continues to increase. The primary issue is the ability to tag a single credit union produced document so that multiple examiners have access. For example, the strategic plan was asked for in the Strategic Risk section yet other examiners asked to see this also. Instead of going the the examiner reviewing that section for the document the other examiner would ask for staff to get a copy. An examiner repository accounting for all documents already provided so staff does not keep having to produce a document already in the hands of NCUA. This will be critical moving towards a virtual exam.
- For NCUA and DBO to have a pre-planning discussion ad plan to avoid inefficiencies. For DBO to give longer notice so we can prepare for the exam. I come from Washington State where they gave several weeks notice and it made a difference. Reeducate examiners on the difference between laws, regulations, guidance, and best practices. For NCUA and DBO to get on the same page with taxi medallion participations. We have a small legacy pool and each lender is lost as we get conflicting directives from regulators.
- Provide an item request list far in advance, provide examiners who understand business lending as it relates to the credit union's normal course of business.
- Completed the exam on site and take less than 60 days to issue a draft.
- Examiner in charge was very good. Much better than the past 3 years. Actually knew what he was doing and was open to discussion. Should NOT have the former lead examiner come back into a credit union as a team member. She is why the TEAM did not rate higher on my ratings.....
- They could do more off-site work
- Make sure your examiners are qualified to do the job. Just because they are old time employees does not still mean they can do the job. Also new examiners should not think bullying is appropriate. Employees fail to communicate to them if they do not respect them or think they know what they are doing.
- All examiners working on one data collection portal.
- Other comment: My answers to section 4 above are references to our experience with the State Regulators only. If I answered these questions with the NCUA examiners in mind, the scores would be much lower.
- Shorten the duration examiners spend in the credit union. The Credit Union runs a clean shop and this exam involved too much (in our opinion) nit picking.
- Rather than show up like a bully, be respectful and prepared and know our industry and what you are talking about.
- Already made it to the lead examiner. They should start with a thorough analysis of the 5300 data available to them. Followed by questionnaires for any areas where they may think they have concerns. Then an information request for anything they think they really need to dig into. More organized and focused. The current approach comes across as dumping everything out there in no particular order and see what happens.

- Going digital for most of the exam. It's always nice to have the examiners here but 3 weeks is a long time to have them in the office. I know they also would prefer to do a lot of the exam from home.
- Consistency is always key, even when examiners change every few years.
- Exams are very obstructive to operations, as they consume ample time of our management team and staff. This particular exam spanned over pieces of three weeks, which was particularly disruptive.
- The examiners out and out lied. Or they took some small comment or piece and expanded and made it such a huge topic, and it was nothing. It is tiring for someone that has been with the agency and think they know everything and tell you how the credit union should be run, when they have never even worked in a credit union office. They have never been a teller, never made a loan, never made a collection call, but they can do it better than any of your staff. They either just hire jerks or train them to be jerks. Why do they have to be so rude? They forget they are guests in our office.
- Our exam was performed in August 2017 and we have not yet received the written report. A much quicker turn-around time from end of the examination to receiving the written report is needed.
- Take in consideration the size and work load when planning exam. I am a small credit union and examiners tend to want to come in at the beginning of a new quarter which is a very busy time for us with a limited staff.
- Do not have the examiners come into a small Credit Union with limited staff and demand that segregation be applied to all areas. Our examiners were "throwing around their weight" and did not attempt to actually give constructive guidance, rather just wrote up as many things as they could. We were down from three findings in the prior exam to 33 in the most recent exam. Our CAMEL reduced by only 1 level, but the amount of work we have to do before the next exam is overwhelming.
- Go digital. Most everything we provided we could have sent to them on a secure website and they didn't need to come in. The ONLY thing they had to physically look at were real estate loan files, as these are not digitally stored.
- As I am new to this manager role, just to make sure it is described and understood. I want to make sure I stay in the know and always in compliance.
- Our examiner and his team were outstanding, they made the whole process enjoyable and a lot less stressful than in years past. So my recommendation is for Credit Union employees not to have a negative expectation and to look at the process as a learning tool because they are here to help.
- The Examination process should be one of identifying weaknesses and then providing tools to correct them within a time frame that is achievable. When we would ask for assistance on a particular DOR, we were told to "GOOGLE" it. There were no sample policies or procedures provided to assist us. During this exam the Examiners held a closed door meeting of which I was the subject of and I was not allowed to attend to defend myself. I have led this credit union for 37 years and have never had a negative examination with the exception of one issue of earnings during the great recession. I was fortunate that my Board stood by me and knows of the accomplishments that I have made over these many years. I was told that the language that was used during this meeting was not only disrespectful but totally inappropriate and unprofessional.
- Shorten the length of time - although the burden was not great.

- Examination teams are often made up of lending subject matter experts which I understand are from across the region. These experts tend to over apply what may be applicable or work well in those states in which they are most familiar. While these best practices are helpful, it shouldn't necessarily be that one size fits all. To add to this, because of the rotation of these experts the credit union is continuously trying to meet these ever-changing views/perspectives which ultimately leads to a finding. As not to de-value the benefit of periodically obtaining fresh perspectives, greater consistency amongst the examination team would provide a better understanding for and the uniqueness of the individual credit union and the state in which it resides.
- Move to electronic exams with possibly one to two days on site.
- Fewer examiners on site, more electronic communication.
- I would like an online portal that would allow me to upload my documents for my examiner's review. It is a lot of documentation but as a small credit union it is difficult to find space for examiner's.
- Have a set of criteria that is more objective with which to measure the success of the credit union. While our exam team saw positive trends from a year ago they subjectively chose to keep the CAMEL lower than necessary. When this was questioned with the region director, the response was that their budget was determined based on the number of credit unions they had in that CAMEL rating.
- Our Board likes a face-to-face meeting to discuss the exam results, even if they are preliminary. Due to scheduling problems, this is not always possible, even for the final exam review.
- Receiving complete required documentation lists at least 2 weeks before the examination and any findings/DOR documentation 2 weeks after the exam.
- More advance notice to gather requested documentation
- We have always had really good examiners, never had a problem. They are helpful and I ask them to point out anything I can do better or anything I am not doing that I should be doing. I welcome them.
- There is still very little difference in the way examiners look at small credit unions vs. much larger credit unions. Additionally, examiners with little to no operational experience at a credit union or other financial institution is a major issue. Hiring accounting/auditing majors straight out of college is detrimental to the future of the industry.
- Make sure the NCUA knows what their regional staff are stating to volunteer directors. Very disappointing in our exit interview to the point the State EIC apologized for the NCUA staff members statement.
- Most times some of the older examiners come in with a chip on their shoulder, but ours did not have that and was a really good examiner.
- It does not take 4 examiners 5 full days to audit a small credit union of under 7 million. This was way to many examiners. Three years ago we had one examiner do it in 3 days.
- Was my first exam as President of the credit union and I was pleased with the examiners willingness to explain the procedures.
- have examiners with prior credit union experience so they can somewhat relate to what we have to deal with on an ongoing basis
- Get less thin skinned staff.
- Being mindful of our market. Becoming very restrictive would not allow us to be competitive enough in the market.
- In general - both parties need to understand both parties are usually stressed going through an exam. As long as the end goal is to help - it's all good. In general, I believe the well capitalized percentage of 7 should be lowered. Many CU's are not a risk to the insurance fund

and could grow more if the number was lower. My CU for example has grown tremendously and we can make money off the deposits we've seen recently but when you take in a quick \$10 million as a small CU it really impacts your NW ratio. Although that \$10 million helps us make more money. RBC should not be just another measure. If you are not a risk under RBC then lower the NW ratio for those CU's so we don't have to worry so much about controlling deposit growth.

- I would like to have the same KDCU & NCUA teams return. It is so helpful to have examiners that are familiar with our credit union.
- if an examiner knows he is going to retire, he/she should accompany the new examiner at the first exam that the new examiner does. as a team they could accurately exam the credit union.
- Just continue to offer helpful suggestions.
- Please send an examiner who understands how credit unions operate and can understand managements plans for the future. It would also help if the examiner were to type up the exam findings prior to the exit interview and provide the exam report more than a few hours before meeting with the Board.
- Have a independent appeal process.
- Every 12 months is too quick and not a good use of time for a strong credit union. If there is a way for them to use data to identify only red flags and isolate a brief audit in that area or ask for more info in that area, that might save a ton of time on an interim basis between less frequent full audits.
- Examiners should be more experienced in areas they are examining.
- Allow for more remote analysis ahead of on-site visit, so the visit will not take so long.
- Obtaining the written report in a timely manner.
- It would be great if examiners were able to use a little more common sense when examining smaller credit unions that are displaying the willingness to comply with the rules and regulations but may have a minor issue with either. Rather than issuing findings for non-materail issues with rules and regulations they could just use the notes and let the credit union make changes.
- Examiner appeared to be determined to find enough items for a DoR that would justify lowering our CAMEL rating and justify heightened oversight.
- All auditors should be required to work at a small credit union before becoming an auditor. They are so fussy about small details that small credit unions with limited staff don't have time to do. They are not here to help, only to criticize. This is why so many small credit unions just give up and merge. I have worked in credit unions for over thirty years and have seen federal auditors go from helpful and understanding to where an audit is today. If they were the same then as they are now I wouldn't have stayed in the credit union movement today.
- Communication from Head examiner. He did not meet with CEO until the end then lowered Camel Rating
- Be more efficient. Only sent one examiner for the first 10 Days.
- Be a little bit more descriptive in what they are looking for concerning MBL experience. there is too much subjectivity in giving an examiner the ability to just feel uncomfortable with the level of experience a manager has when they haven't seen them perform. Poor analysis in this area, and what i would truly call unfair. We have the least amount of charges in our MBL portfolio. We must be doing something right!
- Don't compare a small credit union to have the capabilities as a large credit union. Small credit unions have limited staff to do multiple tasks.
- get a fresh set of eyes. for the most part the same exam team for more than 4 years.
- I don't really have any issue with our team.
- going over to an 18 month exam

- more 'offsite' work to cut expenses-especially on the rote items
- I believe the Supervisor of the Examiners present was very fair and helped us to deal with the examiner's findings. I feel that having a Supervisor of examiners that is understanding of "real world" events is key to having realistic corrective action that is reasonable and limits the burden placed on the Credit Union. Bottom line: they have a job to do to keep safety and soundness, but it is important to take into consideration that it takes time to deal with economic factors outside the control of the Credit Union. I sincerely believe Florida Regulators from the top down take this into consideration, but on occasion the examiner in charge may loose sight.
- 18 month visit or remote exam process.
- I have to report every month on my "progress" even though I have had 24 months of positive income. No need for all the extra work on my part unless they see something from Call Reports that warrants that.
- We were fortunate to have an open-minded, professional NCUA examiner this time around. While this survey does reflect my opinions related to the last examination when it came to the NCUA on site, I want to point out that this may not always be the case with examiners assigned.
- I was satisfied with the overall exam,
- We have been blessed with very caring and open examiners. The discussions and "team" approach between the examiners and my staff as well as with the Board, Supervisory Committee and myself are very open, honest, and pleasant.
- The virtual examination is a good idea. Also, considering trends outside the time frame since last examination is important. There were comments in our examination pertaining to concerns over capital when in fact the CU has been growing capital and net worth for preceding 3 years. As this has been a priority for the CU, the comment and decline in that portion of CAMEL rating was confusing to us.
- Continue to train examiners in specific areas of expertise rather than have them be generalists..particularly in the areas of ALM and IT..
- If it's going to be electronic, make the portal work smoothly.
- Allow for more dialogue with management and Board. We have consistently been told examiner ratings are not up for discussion.
- Use of an FTP file or some location to upload files before and during exams.
- Both examiners were excellent.
- as a prior questions noted, many of the documents could have been shared electronically. This year the amount of documents required were voluminous!
- We are a small credit union, we are VERY well capitalized, well managed and no risky processes. We believe the NCUA is not a supporter of very small organizations. We continue to allow trainees to also participate in our exam and support all efforts of your very professional and reasonable examiners. NCUA often imposes guidelines for large, extra-large and super large credit unions that make operations for smaller credit unions a hardship.
- We have yet to experience a dual exam and frankly wonder why that ever needs to happen. From our perspective if the State examination force has their credentials approved by NCUA then why does NCUA have to be on board. Conversely why should the credit union maintain a state charter if such dual exams are made? Why not simply shift to a Federal Charter? We recognize that the compression and consolidation of credit unions continue but its time that the examination forces prepare themselves for the day when not so many bodies are needed. Credit Unions have faced this issue and as our numbers have shrunk so too have the number of people dropped.
- Don't beat up our volunteers. It is hard enough to get them.

- Our lead examiner did not come across as being open to discuss any items identified. Essentially, identified the issue and not what impacts we felt.
- The examination process could be improved substantially to include more off-site electronic testing as well as needs listings received well ahead of time (this time they were timely notably) as well as allowing state chartered examiners to be the primary examiners for state chartered credit unions. The length of the examination fieldwork on site is somewhat burdensome currently at two weeks when credit union staff are trying to complete their own work and attend to members needs on a timely basis.
- The 18 month cycle will be beneficial once we are on that.
- Set aside more time for discussions with management.
- Make it shorter!
- Give us our Final Exam Report and Supplementary Facts on time. This is quite burdensome to the budget and forecasting process.
- The Examiner in Charge was on the phone many times during the day on personal business for a construction/rental business and even asked us fair market value questions for him to use in his business dealings.
- The NCUA examiners assigned DOR Action Requirements to issues we believe are guidance level issues. This approach overly alarmed board members, resulting in overreactions and retreat on all strategic business fronts.
- Have examiners work in credit unions to gain real world experience. Teach all examiners to listen and have conversations that help us learn instead of holding so firmly to ideals that you can't have constructive conversations.
- It could be more streamlined. We do not need 16 examiners on-site for two weeks when we are well-capitalized and low risk in all areas.
- My Lead Examiner was very open and fair.
- Examiners could do more work remotely and reduce the on-sight disruption.
- Be organized.
- Not have 11 different examiners in a short period of time as everyone has a different perspective. Consistency!
- Put examiners to work in a credit union for a training period. Their ideas of black and white are unrealistic when they get out of school, and start examining based on text book and law! Ga Dept of Banking & Finance has NO programs to help keep credit unions, and are not timely or helpful! They act as if 3 or 4 staffed CUs can do the same as 100+ employee CUs.
- Before the examiners start the examination, they will e-mail the credit union with the items that they need. When the examiners arrive on site to do the examination they ask for more. I feel to make the examination more efficient, there needs to be less items ask for on site.
- Examiner was here 1 day less than 5 hours, the next week 1 day 7 hours, and the next week for 2 hours. He was not on site and was doing two credit unions at the same time and took time off during the process.
- A single comprehensive data request instead of multiple requests before and while on site. Can Be very disruptive for staff...
- Peer groups by size are not necessarily the same. One seg group compared to a different seg group entirely can not be peer. apples to oranges is not the same.
- I don't really have any
- Less Frequent
- More advanced notice of when the examiner is coming. I am currently scrambling to get things together because I had only about a 30 day notice & we are currently very busy in the office.
- Honestly ours is very small and very simple so it's never much of a problem.

- Longer period between exams.
- Compliment on efforts of the Credit Union team for progress over the last 3 years and the fact that all our procedures within the Credit Union are good.
- We had 12 people, roughly 6 on each side. On the NCUA side they had specialists visit ahead of time increasing the number to 9. NCUA staff each have a narrow focus and do not talk to each other. We had to provide the same data to multiple NCUA staff and in some cases answer the same questions. Their rigid union environment makes them somewhat dysfunctional.
- Very small credit union should be allowed the flexibility as to what items are available electronically. I do not want to spend hours scanning and emailing.
- None. The examiner is very fair and reasonable and never disrupts our operations.
- Change the attitude from a "Gotcha" mentality to one of helpfulness and trying to make the credit union better. It seemed as if our examiners were incentivized to find as many nit-picky items as they could.
- If the NCUA truly wants to help Credit Unions when they identify areas of concern, be prepared to share what other credit unions have done to successfully combat the issue. I don't need vague answers that aren't aimed at helping.
- We waiting more than two months to even get a draft report. It contained (for the second year in a row) factual errors that he fought changing. We had to contact his Supervisor to even get the draft report started. He never did meet with the Board.
- We were very happy with our examination.
- To not ask for documents previously sent in the pre-examination information required for the exam.
- There was a lot of overlap in the IS and another area, and examiners were asking the same questions/requesting the same materials. We discussed this with the lead examiner and he let us know that it is an issue for them as well but they have to follow their exam protocol, and he is hoping the process will be improved.
- Better communication! We had a seasoned examiner and a trainee. They were from two different areas, one from Southern CA the other from Northern CA, so they had different supervisors. It was obvious the supervisors did not communicate. The seasoned examiner came in understanding it was his position to "observe and assist" the trainee. The trainee came in understanding it was her position to "observe, assist and learn" from the seasoned examiner. Needless to say they did not work well together, and by the second week of the exam period, they had to be in separate areas. This created a very hostile working environment for the small staff (we are only 5 total staff members). **EXTREMELY UNPROFESSIONAL!**
- More in depth details of items requested.
- Take into account positive trends instead of only focusing on negative,
- NCUA conducting too many exams on state credit unions jointly with state, having a 5 to 6 examiner team for two weeks in a small \$4M credit union is burdensome on our resources and space constraints
- It would be nice if examiners were more fluent in GAAP and other practices and procedures that are not government regulations. It would be helpful if examiners had a better understanding of the decisions that management and Boards have to make in the regular operation of a credit union.
- Our examiner did not meet with the board. No need I guess.
- have examiners be more precise as to exactly what ALM reports they want to see. We have thousands of pages of reports quarterly and it makes it difficult to prepare ahead of time when they aren't specific.

- If you plan to send a new examiner to complete the audit, I think it would be beneficial to the new examiner if their leader would actually help them when they need it and not expect them to just figure it out on their own. I feel it is very unprofessional that if the new examiner is showing frustration and is in tears because of it then their leader should be offering them more training and more guidance. It makes me really question that my audit is being handled correctly and it creates a lack of trust.
- Field examiners adhere to what their home offices espouses.
- NCUA tends to view risk management through the prism of risk avoidance. We cannot serve our members effectively and remain viable as an institution with that approach.
- We experienced a very split exam, with very good NCUA staff and very poor state staff. Unfortunately, the state leads the exam and overall they did not communicate well, were rude and disrespectful to our staff.
- Give us qualified examiners.
- It seems the examiner's message changes from year to year. Some years there is concern about not having enough income when risk is considered low. Then, in other years, when risk may be a bit higher and income has improved, statements are made that NCUA does not care if the credit union makes money or not. With those statements are concerns about net worth being too low. The contradictions make it difficult for mid-sized and small credit unions to 'please' NCUA. Consistency would be appreciated. Also, examiner bias sometimes impacts the exam and it is difficult at times to receive an opinion from NCUA beyond the examiner and in writing when certain conclusions are drawn.
- Being a small credit union with limited staff, it would be nice if NCUA would give you a time frame ,at the beginning of the year, as to when your exam is going to be conducted so that you could schedule vacation time around the exam period.
- Stop using examiner opinion as regulation.
- Although much improved, at times the attitude of examiners appear to be the "gotcha" approach rather than being helpful. I realize they need to ensure safety and soundness, but at times it appears if there isn't something wrong to report on, their need to keep digging to find something to put in their report. We aren't perfect, but some items in the report seem to not be safety and soundness related.
- Virtual exams and providing electronic documents will be beneficial and less disruptive for the credit union management and staff
- We had an excellent examiner who has been with the NCUA for a long time. When we have had inexperienced examiners it has been a very painful event. Train and retain the examiners.
- lack of written evidence does not imply lack of action or discussion. examiners are extremely hung up on documentation which is intended solely to a) make their job easier and b) provide evidence in case of a need to pursue legal action.
- continue to spread out timeframe between exams
- Don't tell small credit unions that they will be on an extended cycle and then show up for a Supervision contact which is run like a full exam only to come back 7 months later for another exam. They don't go to the large ones this much
- shorter exams for well capitalized, profitable CU's. It is good they come on-site for a period of time, but for well run organizations, one week should be sufficient, assuming they review the requested material off-site first.
- Honest communication prior to Board presentation.
- This year our examiner was very open minded and worked well with CEO, Staff and BOD and Supervisory Committee members - really no improvement needed.

- This was not our regular examiner. Second time to have this examiner. Prefer that our regular examiner could be present as well. Examiners are not on the same page.
- More offsite work prior to onsite visits. Just being at the credit union is somewhat disruptive - but not enough to complain a whole lot.
- DAILY COMMUNICATION with CEO and sharing of information provided by Ops and Acct Manager. There was incorrect information provided to the examiners on several occasions and it was not known by me (CEO) until I saw it in the DOR/Examination Report. There are only 6 employees at the credit union.
- Make sure they don't take a one size fits all approach to their examinations.
- more consistency exam to exam; consideration for cost vs benefit of examiner's recommendations
- Examiners need to recognize that a \$13,000,000. credit union can not operate in the same manner as a large credit union. We have limited staff and too much has to fall on the Manager. We have a unique situation concerning our IT system. It is handled by our sponsor company which is a well respected 52,000 employee hospital system. If they cannot protect us, I don't know who can. Operating a credit union our size is not rocket science. We control our ALLL and liquidity through common sense. It has worked very well for us for many years. We are a very profitable credit union that has worked well for our members since 1960. I could understand their concerns if we were struggling to keep our doors open, but overall we have a very strong and successful credit union.
- We are not a government agency, we should not be doing the governments work for them.
- Take less time on-sight. There were (5) examiners onsite for the week. (2) examiners were new and in training, but still had (3) experienced examiners that were re-looking at the same information. This exam could have only taken 3 days instead of 5, but understand the need to train newer examiners and, therefore, we need to allow them to be on-site to learn the proper exam techniques for training.... Overall, a pretty good experience...
- Credit Unions in Region 1 are complaining that a conflict of interest exists among certain examiners. Where a potential for conflict of interest exists, the examiner should be reassigned to an alternative area.
- Stop doing annual exams for Camel 1 & 2 credit unions!
- If electronic documents be requested that they be used. It's a lot of work to load them and frustrating to recreate them after the examiners are onsite.
- Examine to the size and capabilities of the CU. For ALM and I/T we were examined at the \$500mm level.
- For them to be less prescriptive. We are on a slow growth path due to our current level of capital and ROA and they want us to improve both by taking on more risk. I still am not understanding why a slow growth path is not acceptable. They want us to increase loan rates, but that is one area that Credit Unions have demonstrated the CU advantage over banks for consumers. I thought returning more to the members was the objective.
- I would like it more if there were ways to send items digitally and have the examiners work off-site. While they try their best to stay out of our "Hair", invariably there are times when it is not feasible with day-to-day operations to get them something that they want "yesterday."
- Better guidance on new examination measurements, Sensitivity to market change was added to this credit union's examination. We were the first to be evaluated as such in the LA State, the examiner and his supervisor had no guidance or help to develop required reports, measurement or other documentation for new process. Simple told we could hire someone to do the work for us, it seems unprofessional and that they were unprepared to start evaluating this part.

- Come in with a positive attitude!!
- Cut the onsite visit! Twelve days in the CU is a bit much for our CU. We do not have mortgage loans, no complicated investments (just CDs), we are just a "plain vanilla" CU. We have had exams in the past that only lasted for 3-4 days onsite with basically the same end result. We are not a "problem" CU nor have we ever been. We have just started to see the extensive stays in the past 2 exams with this particular examiner. Also, this examiner was at times a bit in the dark on basics in accounting & just didn't seem to understand some things that I would think were to be on an elementary level, which makes me wonder how NCUA goes about qualifying one for this position of such authority. Makes me doubt the integrity of the whole process at times. In saying all of the above, let me just say, our examiner was nice and for the most part pleasant to deal with, he just had some "moments" that made me wonder. For q23 A & B, there should be a mediocre category -- I didn't want to list him as outstanding, & he certainly was not deserving of the negative category, so he got outstanding with lower results.
- keep in mind the size of the credit union. Small credit unions do not have the same resources (time and \$) that the larger credit unions do.
- Negative comments made by the examiner that were uncalled for.
- continue to provide assistance and help especially to the small credit unions
- Give a correct example of what policy should look like if our policy is incorrect. Show staff how to monitor things that were found incorrect at our credit union. (By doing this it would not be found as being incorrect for the next annual exam.) Military lending policy was recommended but have not been able to find a policy that would be effective for our credit union to date.
- Examiners need updated software. We had some compatibility issues.
- I would like the results to be less prescriptive. NCUA states that they are moving in that direction, however our recent exam does not reflect that direction. We are on a slow growth path due to our current capital level and low ROA. Taking on more risk in our loan portfolio could stress earnings further with a higher level of charge offs. We will proceed cautiously, however it is unusual for an institution to be told to take on more risk.
- the recommendation we made the year before was to read the documents we provided them before meeting with staff. Previously we provided them so much documentation but they did not read it and then when they talked to my chief Credit officer they asked him all the questions that the documentation had already addressed. It was a waste of time and so this year when they scheduled the meetings we required them to read first or we would not meet then. They asked more clarifying questions and reduced the amount of time for the meeting
- They need to bridge the gap between Safety & Soundness and Reality
- Not be scheduled when we are budgeting and planning for the following year.
- The lead NCUA examiner needs to be more hospitable.
- We had four examiners for our credit union. Three of those examiners were very aware of our credit union and one was not. All examiners assigned should take the time to review what a credit union does and does not do and then ask for the appropriate documentation. Those that can be delivered electronically should be done so, limiting the time spent at the credit union. Time at the credit union is still important - putting a face to a name does make the process better.
- Consolidate time spent on site.
- Rely less on per ratios and more on regulatory ratios that are required such as net worth ratio. Consider all aspects of the credit union before drawing any conclusions. The reasons for ratings should match the ratings - positive or negative.

- I normally get along well with examiners. This one was very late arriving without letting us know just how late she would be. She was very inflexible about her opinions and recommendations. It was by no means a bad exam experience just not as pleasant and open as usual. I do still feel like examiners have a lot of room to push their personal opinions into the exams.
- More offsite review
- Stop assuming that just because an organization is being successful, they are doing something wrong. This exam felt very adversarial with one of the examiners, and the exam was one of the most in depth, intrusive, and accusatory exams I have experienced. One of our examiners was outstanding, the other acted like he had a chip on his shoulder. The only positive thing is that we do not have to endure this again for 18 months! They also need to give the credit union time to review the report and not print the final report on site, just before the board meeting.
- It is hard to come up with a recommendation as our Examiners were very professional, knowledgeable and respectful of our time and resources. They focused on the important safety and soundness issues and did not nitpick insignificant items. I guess my recommendation would be to continue that approach.
- Overall things went well. This was the first year we had NCUA specialists on site for MBLs, ALM, and IT Security, and this was more challenging, as those specialists looked at different aspects of the respective areas than have been reviewed in the past, and had strong opinions on what "should" be done, but not necessarily based on rule or regulation. We came to pretty reasonable agreements with them, but will need to apply a significant amount of resources to addressing the issues they raised over the coming year, and we don't feel we will be safer and sounder by doing so. The one thing that could improve the exam process in the future would be to somehow better align the specialists with actual requirements and with the rest of the exam team. Due to one specialist, we had an assessed risk level change between our exit review and our meeting with our Board, and it never feels good to have that happen.
- Small, very small, credit union cannot have segregation of duties, need to understand our processes are different
- receive the final exam sooner from both ASI and ODFI
- Work on the exam of the credit union you are at. Be onsite when billing for exam hours that are being assessed and only minimal offsite hours to complete the report.
- They ask for all the data ahead of time and want it available when they come on site and it is provided. However, when they get on site they are continually asking for the same data that was previously requested and provided to them.
- More time between examinations
- credit unions with historically good camel ratings and net worth should be considered for longer time between exams even if they are large
- It is a very fragmented process. The past few exams have taken 3-4 weeks to conduct. A business loan specialist comes in for a few days, followed by a ALM specialist, then consumer loan examiners arrive for 5 days followed by cyber security specialist for 4 days. Half the time they are at our credit union they are working on other CU exams.
- Several times the examiners would ask for the same document multiple times. Some times the examiners would interject their biases into findings that went beyond the scope of the reg. instead of sticking to the intent of the NCUA reg.
- The examiner should have a more thorough understanding of the different investment products.
- They need to know more than GAAP but the practical steps around the pronouncement.
- Implement field work that can be completed at home or office for State Chartered Credit Unions as well as Federally Chartered. Would save time and money for all parties.

- Before exam discussion summary on where is at improvements and challenges since last exam.
- Nothing to note from our point of view
- Examiners need to be better trained and more prepared to answer questions on new regulations and recommended compliance with them.
- I thought this exam went as good as it could have gone, and was a marked improvement over many of the prior exams.
- Less time in the office. Five business days in our office for a 9 million dollar credit union seems excessive, especially since most documents can be sent electronically. Another recommendation is learn a little about the credit union; not just from prior examiner's notes. Peer comparison's aren't especially useful either, most credit unions my size are unique with unique attributes/services/policies/procedures.
- Our examiner was in and out, and it would have been nice if they were here for a solid week instead of splitting it between two weeks and never knowing when he would be here.
- Don't dwell on small insignificant issues. Go for the major safety and soundness issues
- That it could be done more remotely using electronic documents for those CUs who retain records in this manner.
- I would like to have an exam team that understands how a credit union operates, not all operate the same. We all have different methods and memberships that make a CU unique to each other. Don't tell us how to run our CU. We had no regulation or law violations, everything was her opinion/feelings. She even admitted she was unfamiliar with a lending product used by multiples of other CUs, so we could not proceed.
- After completion of exam, give the completed report to the Board in a timely manner. Our examiner came back after 30 days to give the report to the Board.
- Be able to do more of the exam electronically. Not being on sight for such a long time.
- Continue to coordinate the NCUA and State examiners to avoid overlap. We did receive a data request from the State and a data request from the NCUA. Many of the requested items were duplicated. It would be much more efficient if we received one consolidated request list with similar request identification numbers. The identification numbers requested by the State and the NCUA were different which lead to a lot of confusion.
- I think the examiners were very helpful. If a question was presented that needed clarification he/she was able to get back to us with an answer in a reasonable amount of time.
- Small credit unions should not have to be put through the same exam as large credit unions. Even if they all failed they wouldn't cause a significant loss to the share insurance fund. Plus they would likely be merged into a large credit union. NCUA has the 5300 report, the CPA reports, and any internal audit reports. For small credit unions that should likely be enough to give them all the information they need without the full two week exam. Unless there are obvious problems in any of the afore mentioned reports.
- continue to keep the exam cycle 18 mths for financially healthy and well managed credit unions.
- To have an examiner that understands we are all in this together, want the best outcome, and not come like a bull in a china shop.
- During the most recent exam, there were many conversations discussing the best practice recommendations vs regulations. We would like to see better focus on enforcing regulations and clearly documenting best practices.
- Keep a friendlier dialog for positive and constructive criticism which achieves better results. We have seen much improvement in this area.

- My answers above pertain to State Examiners, who have always been helpful, knowledgeable and professional. Our NCUA examiner was unprofessional, argumentative, and wasted a lot of management's time. He had some very good information regarding IS&T exam, but we were unable to take advantage of his knowledge because of his unprofessional approach. My recommendation would be to send a survey to each credit union regarding their experience with individual examiners, to ascertain any need for additional training for those examiners. Previous NCUA examiners performed their duties in a very professional manner.
- Give more details ahead of time if topics have become important that have not been in the past. We could be better prepared and if changes are needed could complete prior to the examination.
- Our examination teams have done great over the last several years. Key has always been transparency and great communication.
- Educate/discipline examiners that over step their duties. An exam should be a helpful tool for an credit union!
- When dealing with small credit unions the focus seems to always be: are you going to merge.
- It would be nice if the federal examiners were as cooperative in the exam process as the state regulators. We are a very well capitalized credit union with very strong earnings. We strive to be compliant with regulations and our state exam team know that and we have nothing to hide. If we actually have an issue, we want to be aware of it and address it. By the same token, we appreciate their understanding that each credit union is unique, and if we operated our credit union like our peers, our performance would not be as strong. Some of the things we handle differently from peer as what gives us our very strong earnings. Like our investment portfolio.
- No recommendations at this time. The last exam was the most helpful exam we've had in my 35 + years in the C.U. world.
- We were extremely happy with the process, we would change nothing.
- less frequent for good camel rated credit unions
- less regulation, keeping up with the challenges and changes takes away from serving members.
- The examiner's don't respect the fact that if you are the CEO of a small Credit Union you wear many hats and may not always have time the minute they ask a question.
- **THE EXAMINATION OR TEAM SHOULD RESPECT THE CREDIT UNION'S WRITTEN POLICIES. THEY SHOULD NOT BE ALLOWED TO WRITE THE CREDIT UNION UP WHEN WE ARE WITHIN OUR OWN POLICIES.**
- Examiners should review the work of the prior year exam team before they begin a current period review. Every year the examiners come onsite and begin asking questions as if they had never been to our Credit Union before, even if its the same examiners each year. We basically have to detail every policy, procedure, and process through lengthy meetings and questionnaires that are extremely inefficient. They should familiarize themselves with the work of the prior year's exam team and ask if there have been any updates to our policies, procedures, processes, and strategies.
- Acquire more documentation electronically prior to coming onsite to reduce the time onsite. With our limited space, we would appreciate less onsite time and disruption to the credit union operations. With technology these days, much of the documentation can be exchanged electronically before the examiners come onsite.
- Take the Credit Union's business model and practices into consideration. Review what works in the individual credit union. Take the Board and Managements response into consideration instead of being dismissive.
- I'm happy with the process the way it is.

- The Supervisory Examiner should not show up on site 30 minutes before presentation to the board, second guess her lead examiners, and change the Lead Examiners report and findings.
- REDUCE TIME ONSITE

27b. What one change could NCUA make to improve its overall operations and interactions with credit unions?

- Speed up the calculation of peer groups. We get the FPR as fast as we file the call report. Seems like they could start publishing preliminary peer group numbers once they have 95% of credit union's reporting instead of waiting so long after quarter-end.
- Semi-annual or quarterly calls to touch base with management.
- When conducting the exam do not leave and return later or work on other credit unions while conducting our exam.
- Change the culture of regulator vs regulated, to a partnership relationship. NCUA and CUs can learn from each other and in turn develop a relationship that will lead to a more safe and sound operation for our members.
- Examiners need to have practical experience. Cannot work from just a checklist.
- Maintain a common master file (work papers) on credit unions that assists with transitions to new lead examiners & teams.
- Assist us with obtaining a LOW INCOME DESIGNATION... I asked ALL the examiners while they were onsite, and their answer was: it's generated electronically and call the DC office....
- Examiners being able to listen to staff
- I haven't had any issues with the way NCUA has been operating. I think Chairman McWatters is helping NCUA move forward and is doing a good job at using the current NCUA authorities to improve how they operate. He understands that he can make many positive changes without congressional approval
- Shorter exam experience with continuity between examiners.
- For the last few cycles, the exams have been scheduled "early". The twelve month cycle was performed at nine to ten months and what was supposed to be a fifteen month cycle this year was thirteen month cycle, and when the examiners left this year they said they'd be back for what should be the eighteen month cycle in fifteen months.
- REALLY listen and act upon the MAJORITY of comments on a particular issue. (Ex.-Refunding the Stabilization Fund.)
- Improve the information sharing process. Credit union's should be able to upload information to a secure portal versus having to provide paper or information on a disc.
- See the gray area for small credit unions. Things are not always black and white
- There is inconsistency from one regulator to the next with regards to interpretation of the CUOLI risks. Our examiner has been just forceful enough in his opinion to influence my Board, even though his interpretation is not supported by his peers.
- When a new regulation comes out, give us an example not just the regulation.
- We left the NCUA and went with private insurance, state charter.
- Go virtual
- I have worked with the examiner as an EDS and she is magnificent. However, I think NCUA has become a business and is losing sight of credit union philosophy, as are probably many credit unions.
- Do away with the NEV Supervisory test. It is discriminatory
- Provide longer advance notice of exam dates.

- Less criticism and more guidance and idea sharing. Be more supportive of attacks on credit union such as the recent website ADA lawsuit trend. NCUA should be in the DOJ's office to stop this blackmail or credit unions.
- Stop looking for something to document just to fill in on their report.
- Listen to Credit Union management. Act with the intention to cooperate with Credit Union management.
- Better understanding of individual credit union and less heavy handed directives.
- Allow the examiners to have one on one time with credit unions to assist (if requested). They are the ones who have worked with credit unions, processed examinations, discussed issues, etc. Why not allow that knowledge to work with the credit union to resolve issue. Now we are sent through another 'department' of NCUA. Waste of our time backtracking and getting them to know 'who' we are off the reports they read.
- eliminate the "one size fits all" exam
- Less regulation
- Create a consistency of the field examiners on issues facing credit union operations. This may require periodic examiner reviews by a third party - particularly on DORs or other administrative finding. Determine if there a biases either regionally or within a specific NCUA district or examners.
- Find a working partnership with state regulators. Both NCUA and DBO said bad things about each other to me.
- Have examiners with MBL experience
- Be more open about CAMEL ratings and their interpretation of NCUA's guidance.
- Less "best Practices and other regulatory agency (FDIC, OCC) standards" on the write ups and in discussions with management. We follow NCUA Rules and Regs....
- Needs to realize the needs of small credit unions.
- Data Portal
- Hire better examiners and examiner supervisors
- There is definitely a more cavalier attitude with the NCUA than the State of Oregon. I would say the NCUA needs to realize we have a business to run and not be afraid of having dialogue on issues that face the credit union. I believe the NCUA at times still has examiners that like to catch people in the act of doing something without allowing for a good discussion on the topic at hand.
- Reduce examination time at credit unions
- They could be more proactive. Too much of the administration and process seems to go to "gotcha". Share any trends/common issues they might see so other CU's can avoid them instead of turning them into recommendations.
- More help to the SAS credit unions. Lower cost or free training and support staff to help management with all the regulation items.
- CONSISTENCY
- Obtain a 5 member board.
- I am a 11 million credit union....2 people here a week. No threat to the system. More resources should be spent on the larger cu that hold the bulk of the systems assets.
- Improve it's IT and email communication
- Too much inconsistency, agendas tend to change based on the makeup of the board.
- Have the examiners engaged while on site. Many times they were here, but working on other CU issues, rather than concentrating on our operation.
- Better call report reporting site.

- I think they do a good job, just always to make sure we know what is going on and what we need to do.
- Their web site needs to be user friendly it is almost impossible to find what I am looking for.
- Consistency in assigning NCUA examiners to credit unions for a specific period of time. Presently, every yearly exam we have a new examiner, learning curve for all. highly inefficient.
- Treat all credit unions the same
- Just keeping things short.
- Complete re-evaluation of its management of the Share Insurance Fund.
- The strategic planning process that we participated in through the grant program and OSCUI was not a very high quality.
- Stop using the one-size-fits-all approach to ALM for the larger credit unions. Just because a cu is \$300 million it may not need the degree of ALM that another of similar size may need. Some credit unions do not take the higher risks that others may do.
- Disband.
- I enjoy working with NCUA,. I think they are doing a great job, would not recommend changing.
- Hire people with credit union experience
- Don't ask for comments. Obviously the board and their staff know better than any credit union personnel and it is simply a slap in the face when you ask for comments, get 100% against something you propose and then you simply implement it anyhow.
- Have all examiners be on the same page.
- stop jerking us around with the capitalization penalty we paid and give us our money back!!! Some of us need to prop up our net worth some, which is all they really care about anyway
- Realize that the examiners do what they want, regardless of what Board members state the examiners should do or focus on.
- More off-site exam work using our data.
- Simply be more human and make sure everyone knows you are on our side - you want us to do well.
- Be more transparent on their budget
- Continue thinking of was to remove unnecessary regulation. Leadership has taken a giant step in this direction and I would love to see it continue.
- Call report changes hard to re-map from a data processing perspective.
- They could better monitor other credit unions so we don't have to keep bailing out NCUA. First the corporates, now the taxi medallion CUs.
- Appeal process
- They should not have increased the target NCUSIF equity ratio when considering the payback of funds. That really appeared underhanded and a way to keep some of our members money that should all get returned to us.
- Longer time between exams up to 24 months when justified.
- **LESS STRENUOUS REGULATIONS ON SMALL CREDIT UNIONS. LESS FOCUS ON MERGER OF SMALLER CREDIT UNIONS WITH LARGER AREA CREDIT UNIONS.**
- That not everything that a credit does needs to be a policy.
- Perform exams without a predetermined outcome.
- Offsite exams
- Have them get a bigger back bone and further enhance FOM.
- Communication with credit union and Board of Directors

- This year I worked with 2 different leads for CUs that were being conserved. I think that NCUA could do a better job in that process. In both cases NCUA was only concerned with selling the CU off. They were not considering any other factors in their decisions. In both cases the CUs could have survived. They are not concerned with the members or the services that those CUs provide to the community. I believe that if a viable option is put forward then it ought to be considered.
- going to a longer exam period
- I think that they really need to extend the examination period to 15-18 for more credit unions. Also, I hope that they do more virtual examinations especially when dual chartered. See no reason for NCUA to come in when the State does an excellent examination.
- Be realistic and consistent. The "old" examiners understand the inner working of credit unions, they help explain everything.....the newbies are black and white, make demands with no directions
- Our exam process has been very smooth.
- Be a little less harsh on requirements for smaller credit unions and be happy that there are few of us left and we are still running.
- Have more highly trained examiners in the areas of ALM and Cybersecurity.
- Continue shift toward risk focused exams.
- Provide Supervisory Examiners with higher level of education centered around capital as it relates to risks.
- Base it's exam on the size of the credit union. We do not have the resources that larger CUs possess.
- Sometimes when we are looking for guidance on an issue that has arisen outside of the exam process, examiners seem to be afraid to provide it.
- Less complicated processes for small credit unions, more understanding that segregation of duties is not practical with small office.
- Again stop dual exams if a state exam force has had their credentials approved that's enough.
- Not have to find "something" It IS possible that a CU is well run. Don't upset or expect too much from our volunteers. They are not regulators.
- The overall operations and interactions with credit unions by NCUA has improved significantly during the current deregulation-based environment and under the direction of the current NCUA board.
- Make the website more user friendly. I can't find anything on it.
- More clearly written regulations-if enforcement is going to be based on best practice the regulation should reflect this and examiners should be able to provide more concrete guidance based on the reg as written.
- Make exam process shorter and easier.
- Be forthcoming in the 'layers' behind the front-facing NCUA contact. Help us understand who is reviewing behind the scenes, and what exactly they need.
- Retain talented NCUA examiners. I appreciate the TN DFI consistency and approachability.
- Allowing us to measure our progress towards our Low Income Designation monthly or at least quarterly. We don't know how successful our plans are if we can only get this measure once a year.
- I was very disappointed when it was announced that we will not receive very much of the funds back from the TCCUS Assessment refund.
- The "Special" examiners should be accountable and report to the in-charge examiner during the exam. Our only problems are that the special examiners go rogue and the in-charge has no control.

- Off site exams
- Get competent examiners.
- Longer time in between exams & more consistency
- Convert all credit unions to Federal charters, and eliminate inconsistencies with State examiners
- have less examiners on site.
- Help smaller credit unions with policy modifications that fit the new regulations.
- Balance regulatory changes with desired effects.
- The 2 NCUA Board members are the best that I can remember. I'm highly impressed on how well they've worked together.
- Continue on the path of virtual exams.
- Accept the State exam-- at least every other year.
- Agency seems to use regulations when these regs are not disseminated to the Credit Unions properly.
- Our state chartered credit union has limited interaction with NCUA. We deal almost exclusively with the Dept of Business Oversight in California.
- Eliminate the mystery about how Credit Unions should apply the upcoming CECL allowance for loan loss calculation. Develop a spreadsheet and process and distribute to credit unions to use.
- more automated exam process-ability to upload files to a secure site. Do away with duplicate requests in the same exam request document
- Being more proactive instead of reactive. And, there should be standards that take into consideration the size and scope of a credit union's operations
- Open communication.
- not tell us how to run our business
- Other than the emails we receive and our audit, we have little contact with NCUA and so cannot comment.
- Dumb down the Call Report
- Timeliness - it took almost two months for the Credit Union to receive the final Exam Report following the examination. Thoroughness - as a multiple common bond credit union, the SEG approval process does not seem to be very consistent.
- Looking forward to the virtual examinations.
- Back up examiner opinion with written documentation.
- Get in and get out. We use to have them onsite for 5 days now it is 7-9 days.
- Be open to questions and discussion from credit unions that are small and might not be able to do things in the way that bigger credit unions can.
- Being more open-minded to outside ideas and changes.
- Continue to eliminate rules that don't compromise safety and soundness - like the improvements made on allowing credit unions to own property where they lease out some of the space. Often these types of items can be very good business decisions that benefit the members - especially the large credit unions are run by professional business people that are not always able to make sound business decisions as some regulations have limited them.
- Simplifying the 5300 reporting process. The 5300 report requires a lot of data, much of which can be simplified for the credit union if the internal workings of the electronic report were more responsive to providing the NCUA with the calculations that it needs.
- Stop trying to shut down small credit unions
- become more focused on business activities and less on specific regulations.
- Hire examiners with actual field experience in credit unions and not focus on "getting bodies" to fill positions.

- They could be clearer when asked for advice.
- More open sessions with Credit Unions other than exams. Exams feels like your are being tested, which no one enjoys.
- Improve on merger application decision speed.
- Ability for Credit Unions to provide as much documentation as needed for review prior to arrival of examiner at credit union. Such as the information contained in the 5300. Or the Aires Files.
- Hire more professionals like our examiner. She was refreshing compared to past examiners.
- exam team approach is confusing and leads to inconsistent approach; the specialist appear to have carte blanche authority in the field; need to have more of a risk based approach to examination
- more helpful
- NCUA used to actually examine loan documents and the portfolio for soundness. Now all they work on is whether or not we are in line with all of the regulations and whether or not we have policy sufficient enough for them to hang us by later.
- Give monthly updates on the NCUISF Rebate matter.
- Communication - I had a very specific issue with another credit union that NCUA had major issues with and there was NO communication. What NCUA did may have put us in harms way in the future.
- When an issue comes up talk with management. Sometimes staff does not have full knowledge. Surprise reports are unacceptable.
- Continue to be more transparent and spend less of our money. They do not need an increase in budgets every year.
- Open discussions with senior credit union staff, back when I first started NCUA sponsored training and meet/greet sessions that were informative and gave you a chance to meet NCUA personnel.
- Take a common sense, reasonable approach to regulation. If 7% is well-capitalized and we are over 7.5% and we have put significant oversight into our lending process, how can they say we are too risky?
- Let the credit union get back the money that was taken from them during the economic downturn...as well as the Corporate money that was taken.
- Too many times, examiners opinions are used rather than regulations.
- Less on site and more virtual
- Have examiners that are more empathetic and helpful rather then negative and resentful.
- Keep the focus on safety and soundness
- Be more transparent
- Doing work behind the scene prior to coming to the credit union.
- Same examiner for at least 3 consecutive years.
- Be straight-up with credit unions!
- All examiners be on the same page, it seems like today this is okay and tomorrow it is not because of one persons opinion being different from another. "Nothing to do with Regulations"
- Quarterly telephone calls
- Community Charter Applications. Approvals are very arbitrary and tend to discourage organizations from growing. They place inexperienced people in the office who have wildly differing expectations.
- better trained examiners and hire people who stick with exam schedules
- The only time I speak to NCUA is when the examiner is here, then I don't hear anything until the next exam.

- Similar to my previous comment about the Examiners, I believe NCUA has been more focused on safety and soundness issues in the last few years and been less nitpicky about insignificant items, which has been a very helpful trend. Along the same lines, I appreciate fewer Regulatory Alerts and directives on relatively insignificant issues that required credit unions to take action or respond that pulled resources away from day-to-day operations and implementing strategies. It would be great if NCUA would continue taking credit unions' limited resources into account before issuing directives that are not absolutely necessary.
- Consistent training and messaging with exam specialists - they seem to want to "run their own show" including creating their own spreadsheet analysis, and preferences.
- Help small credit unions with less regulations
- Make educational opportunities for smaller credit unions FREE. Larger CU's can send numerous people to training sessions. We can't afford to send one unless we get grant money.
- they say they are risk based for exams but sent the most people we have ever seen on site - seems like they are overstaffed
- treat a small credit union as a small credit union only act on the things a small credit union offers not policies that we do not have.
- Simplify the reg. verbiage and speed up the process. Examine less frequently.
- More education. This year they had a specific item that they are requiring all the credit unions to do but they do not understand the GAAP rules.
- Webinars on Regulatory topics.
- Bring back OSCUI
- Low income designated credit unions should be treated/evaluated differently because of increased risks expenses
- We had a number of "trainees" during our exam to become possibly the next subject matter experts. I felt we did as much training as the NCUA in this regard. With the number of distressed CUs reducing and hopefully the cycle of exams expanding I would hope that the number of examiners in the field will decrease. Also, our fiscal year end is September 30 and we had both the external auditors in and the DBO and NCUA. It was most difficult just finding a place to put them in the building let alone respond to all the necessary request for information.
- Too much time is needed to prepare and complete the Call Report, especially small credit unions.
- Train their examiners on credit union operations and better arm them to assist credit unions.
- Materiality
- No change for a small credit union that offers minimal services
- Exams done more remotely with less time onsite.
- **BE HELPFUL TOWARDS OUR SUCCESS**
- Be proactive with listening to management reasons for putting certain practices in operations at their credit unions.
- When we file a call report we get an immediate FPR Report. The report is not always complete and could use some improvement to make it a more beneficial tool.
- We are satisfied with operations
- We have had good interactions with NCUA in the past. Nothing to note for improvement at this time.
- Simplify the exam for small credit unions
- provide a portal that is safe and secure to download documents for the exam. I did not like having our member information exchanged with the examiner.
- Continued work towards remote examinations with data shared ahead of on site examinations
- A more user friendly website

- Have a full Board in place for the NCUA
- Virtual exams would significantly improve the exam process and save everyone time and money. We had 6 onsite who had 2 travel days, lost time and added expense, both of which could be avoided with virtual exams. We have the technology and controls in place to accommodate this.
- Brief contact throughout the year with CU executive management about issues or new services that have taken place since last exam. We do not get contacted by NCUA at all until exam time.
- Reduce the number of examiners sent and the length of the exam. They continue to dig until they find something. It appears there is a requirement from NCUA for each examiner to find one or two findings per area each is responsible for reviewing.
- Implement a consistent process for processing all member complaints. This past year we received a complaint via mail which was confusing since the NCUA transitioned to the Consumer Assistance Center. After inquiry it was discovered that not all 'types' of complaints are being processed via the portal.
- Examiners should NOT exam credit unions in their local communities, especially when there is a conflict of interest (example... family working for a competitor)
- get back to the length of say in the credit union
- Create an environment among exam staff where they don't feel like they have to find issues to justify their value as an examiner.
- consistency in staffing
- Realize that small Credit Unions can not be run exactly like larger Credit Unions.
- The NCUA needs to do a better job of responding to field of membership applications in a timelier and more consistent manner. It took a full year to get one FOM application approved after multiple back-and-forth requests from the NCUA, with very little guidance on what the agency wanted from us to resolve questions related to the application.
- Have the message and vision from the Director communicated and implemented by the examiners in the field. There appears to be a disconnect between the General and his troops.
- Examiners should not be able to threaten a credit union.
- The Call report
- **REDUCE REGULATIONS**

27c. What one specific, realistic, and achievable change in current NCUA regulations would have the most beneficial effect in helping your credit union better serve members without sacrificing system safety and soundness?

- Reduce MPL burden
- Remove the restriction of 20 years maximum for real estate loans that are not first mortgages.
- cost
- Guidance consistency between credit unions, especially between loan participants. Perhaps to start with a hybrid virtual process, where most of the data exchange and review is performed remotely, and the delivery and discussion and final reporting in person. This should cut the overall time and travel overhead by at least half the amount typically spent today.
- Reducing regulatory burden. I have to chose to pay the expenses associated with compliance for new regulations when I should be able to use those funds to stabilize our CU or be able to add new products/services.
- Regulatory burden
- Implement the 18 month examination cycle for healthy credit unions.
- 1st mortgage disclosure rules.
- Excess and unnecessary regulatory creep continues to impact smaller cu's like ours. However, not all of that is coming from NCUA. CFBP/Dodd-Frank regs are more burdensome.
- Regulatory burden on small credit unions.
- Allow us to return to using tax bills instead of appraisals for real estate lending (perhaps with a higher cap? Or with the restriction that the town/city's re-valuation has been completed within the past five? years?)
- Write or convey the regulations in words that are easy to understand.
- Reducing regulatory burden
- Repealing the 7% capital rule. Second would be the de minimis limit on business lending.
- Have special provision for smaller CU as it is too costly and time consuming to keep up with all the regulations while serving outlr members. Some regulations prevent us from helping our members which doesn't make sense as regulations should be there to protect members.
- Consistency in information requests - request information just once.
- decreases compliance burden/costs, especially for small credit unions.
- General guidance as needed.
- exam burdens
- Reducing regulatory burden is a big one for small credit unions.
- Change the way they mandate regulation over taxi medallion loans that are already on the books, and need modification.
- Cost of new Regletory issues
- Reducing regulatory burden.
- Reducing the HMDA reg's
- Lifting some of the regulatory burden from small credit unions that know their members. I feel that NCUA is trying their hardest to get rid of small credit union.
- Start acting like they are advocates for credit unions rather than just being the police looking for flaws.
- Definitely reducing the regulatory burden. It costs so much time and money when we should be using that time and money to serve our membership.
- Reduce regulatory burden.
- Reducing regulatory Burden!!!

- Reduce regulations.
- Regulatory burden!!!!!!!
- eliminate the "one size fits all" exam
- Reduce regulatory burden. Many of the new regulations call for computer upgrades, new documents, etc that are very expensive to the credit union. While they may be in place to protect the consumer, most consumers don't care, won't read documentation, and think it's a waste of time and paper.
- Lowering the costs would help us small credit unions.
- Reduce the amount of regulations and the continue churn of regulations.
- Slow the pace of new or changed regulations. Even in so called regulatory relief measures, they make it overly complicated. I suggest they actually look to fully repeal a few regulations that no longer serve the industry. Smaller credit unions are finished if the regulatory burden is no eased.
- Criticizing loan products that have a long-term record of loan yield, ROA, and success.
- Regulate with size and complexity of credit union in mind.
- Give us back all of the money we were overcharged during the bailout period....
- Reduce Regulatory burden, exam burdens. Promote grants to low income credit unions. Most of the training offered is not required for small CU's.
- elimination of the 7% statutory capital requirement
- 18 month exam cycles, reducing the regulatory burden in the areas on consumer and real estate lending.
- reduce regulatory burden. There was no need for us to have a joint exam this time or ever give our size and complexity. The exam cycles need to be at least 18 months unless there are financial / operational deficiencies.
- Regulatory relief
- They need better technical support. They are trying to implement the virtual exam but don't have a portal or web site to provide requested information to them. Still relying on thumb drives.
- reducing regulatory burden
- there isn't just one. All of the above.
- reducing regulatory burden and costs.
- Consistency
- Exam burdens, reduce regulatory burden.
- reducing regulatory burden.
- reduce mortgage related regulatory requirements to more easily allow smaller CUs to offer closed-end, fixed mortgages.
- Reducing regulatory burden for small credit unions and providing sample policies when they want policies for everything.
- Reducing regulatory burden
- Reducing regulatory burden, the cost on a small credit union is not realistic. Exam's could go to every 24 months to reduce costs unless they have a concern with the soundness of the institution. Change the call report to once a year instead of every quarter, that would cut costs to credit unions and the NCUA.
- Reducing regulatory burden. Regulatory Relief is needed.
- quit changing the rules so often
- cost and reduce regulatory burden for small and mid size credit unions
- Reducing regulatory burdens

- They probably cannot do this, but easing the training requirement, especially on BSA, would eliminate a very redundant process
- continue the extended exam cycle
- Don't produce "one size fits all" regulations. Smaller credit unions are closing almost daily due to compliance issues.
- Allow community charters that cover adjacent counties, even if the counties are in different MSAs.
- Making the examination process more objective until such time as safety and soundness comes into question, then providing guidance on the level of subjectivity allowed. Too often "best practice" is used as a safety and soundness excuse without a good understanding of the credit union's purpose. Does a CDFI credit union really want to send members and their deposits away just to increase the capital ratio? When the credit union is still well capitalized, has a low risk portfolio and still has positive income (\$1.3m) that is increasing year-after-year?
- Reducing regulatory burdens
- Tailoring regulatory burden to size and complexity of credit union.
- I have never been an examiner nor do I have friends that were examiners. I have worked at a credit union for over 35 years either as a credit union CFO or a President. The examiners have always just done their job. Most of the problems I have ever had in 35 years were caused by credit union employees. CUNA needs to stop this witch hunt and let credit unions deal with the examination process themselves. You are way off base. Every year this goes on I give serious consideration to ceasing my membership with CUNA and the League. I do not want one cent of our membership dues to go to this effort. The overwhelming majority of examination issues are created by the over inflated egos of credit union presidents and employees. If you expeditiously provide Examiners the information that they request, treat them like you would like to be treated, and pick battles that are worth fighting - examiners will treat you fairly. At least they have always treated me fairly. I have no complaints with ANY examiners during my credit union career. I do have a lot of complaints about this CUNA witch hunt. I have had disagreements with examiners that were discussed professionally. Some I won and some I lost. When you hear a complaint from a credit union about the exam process that sounds legitimate, I would expect to find out that the credit union started the adversarial relationship with the examiners. It is my belief that all adversarial relationships with examiners and credit unions could all be avoided. I have been able to do this my entire career. Quit wasting my CUNA dues on trying to be a hero for credit unions that are unable to treat examiners professionally and whose egos are unable to accept advice & findings.
- as stated in 27b for example, in ALM, stop requiring outside validation of modeling if the credit union's operations are not high risk and are not "complex".
- Reducing regulatory burden
- Why not move to remote examinations, folks in the SEC do it and it could reduce my staff commitment enormously when we end up with a clown car full of examiners. Also if you hired an extra 200 examiners in 2009-2010 to help stave off the end of the economic collapse...what exactly are those folks doing these days? Even state chartered credit unions understand that these extra expenses affect the performance of the fund and ultimately the overhead transfer rate.
- Regulatory burdens are very tough for small cu. Often examiners come in to a cu with a chip on their shoulder and if that is the case the examiner should be changed.
- NCUA should become an advocate for credit unions to the CFPB regarding unnecessary regulations for credit unions.

- make the SEG approval process more liberal and less complicated; for example, make approvals easier for potentially large SEG groups that realistically will not yield a large member base
- Evaluate credit unions on an individual basis, not in comparisons to similar asset sized credit unions. Especially credit unions prior to the last financial crisis.
- Reducing regulatory burden
- Reducing overall regulatory burden, especially for small credit unions.
- As I stated earlier - the NW ratio for low risk CU's based on complexity of balance sheets should be considered and lowered to allow for growth.
- Reduce regulatory burden
- Good gracious, I have a long list of regulations to reduce or remove, but I have no idea if the change is realistic. Sorry!
- Reducing regulatory burden
- It is hard to say one thing. There are a number of silly regulation, not necessarily NCUA regs, that serve no purpose and protect no one. SAFE Act is one example. In addition Regulations and examinations could be more risk focused. For instance, quarterly ALM analysis does nothing to enhance the operations of our CU because we are plain vanilla. Not much changes from analysis to analysis so the time and effort required to prepare and analyze the ALM reports adds no value and does not protect the insurance fund. When examiners come in it would be great is the exam were structured based on the risk we pose to the insurance fund but most of the time we are held to the same standards as PenFed or Navy.
- BSA regulation need to be abolished. This information should be obtained using a court order. The system should be held to the same standard as everyone else in the system.
- NCUA should pass a regulation that combats the CECL rule which is one of the devastating changes for the industry in a long time. There still is time! Let's make some noise!!!!
- Reducing the operating ratio back to 1.3%. I cannot understand the justification.
- In the past I had attended an NCUA small credit union day. It was very helpful to go over items NCUA was reviewing. A once a year event like this along with the exam helps us to be mindful of the many areas we should be looking at.
- **REDUCING REGULATORY BURDEN**
- Stop requiring a risk assessment for everything a small credit union is trying to do to extend member services.
- Confine DoR items to those that truly pose a material threat to the safety and soundness of the credit union.
- Costs of exams
- Reducing regulatory burden, without sacrificing system safety and soundness, for small credit unions (less than 5 million).
- Reducing regulatory burden.
- Reduce regulatory burden, don't compare small credit unions the same as a large credit union, require all examiners work at a small credit union before they are hired as auditors.
- **REDUCE REGULATORY BURDEN & COSTS**
- FOM expansion (again). As to the exam; over the past 8 years ew have had an issue or 2 of using 'best practices' as DOR's. but when we pushed back-they decided we were right. Nothing huge-but its been a couple years
- Regulatory Burden is over the top. First get rid of CFPB. Then have more reasonable regulations. IRR and concentration risk is over done. Though these are concerns a more reasonable process would be to limit the expansiveness of the reporting - to a page or three.

- Reduce regulatory burden We have always respected, been fair and taken care of our members, we don't need the NCUA to tell us to do that.
- Dual exam burdens, costs, more exceptions for smaller credit unions when it comes to regulatory implications.
- Reducing regulatory burden for small cu's.....
- We have not been asked to do anything that was overly burdensome to the credit union.
- Expanding ability to write Member Business Loans above 12.25% cap
- Longer exam cycles for well capitalized and CAMEL rated credit unions.
- Mortgage lending regulations are ridiculous, especially Ability to Repay & HDMA data collection points. We hear over & over CUs 'didn't cause the problems' yet rules are always made applicable to us.
- Reduce operating fees most likely through reduction in workforce.
- Further reduce regulatory burden on small credit unions.
- Reduce the regulatory burdens on credit union. Most of the headaches we have endured is tied to unnecessary regulations (i.e. Dodd-Frank Act). CUs did not cause the real estate downfall in 2008 but we are certainly paying for it.
- Reduce regulatory burden
- Quit writing stupid rules like "friendly merger" or "risk based capital" revisions or giving waivers like "taxi medallion lending" and contending that "Congress made me do it!". when you look at NCUA's history the biggest threat to our fund has been them. They have done so many asinine things that make no sense and have cost us a fortune while protecting themselves. You dont have to look any farther than their contingency arrangement with Legal firms they hired to recover corporate debacle funds or their denial of their culpability in the taxi medallion fiasco. Credit unions are going away and history will note the part played by NCUA.
- Don't upset or expect too much from our volunteers. They are not regulators.
- A significant reduction in the regulatory burdens (unnecessary regulations which limit our ability to serve members properly, specifically many CFPB rules our industry should have been carved out of) as well as examination burdens (the time period in which we had both NCUA and ACUA was a huge burden and direction away from our attention in serving members). More electronic reviews offsite incorporating an electronically secure regulator portal where CUs would be able to upload data electronically including member accounts/information would greatly improve the process as well as direct examiner contact with CPAs or outside auditors to confirm their testing procedures rather than having to repeat many of them.
- reducing regulatory burden by making the frequency of exams dependent upon review of quarterly FPR and other CU5300 data. More guidance by written/electronic means so that less visits are necessary.
- Combine the various loan data reporting regulations into 1 clear set of required data fields that would be collected in all circumstances, covered under 1 regulation and reviewed/reported 1 time (HMDA, REG B, REG C, TIL).
- Implement the 50% permission level for non-member deposits; AND come out with education/guidance for State Regulators so they understand the benefits for credit unions to utilize this tool.
- Reduce regulatory burden - It is very difficult for a small credit union to have the expertise on staff to satisfy all the ongoing regulatory expectations.
- Listen and have constructive dialog.
- Reducing the exam burden.
- Reducing regulatory burdens.
- Open Field of Membership

- Reducing Regulatory Burdens
- Reduce regulatory burden
- Reducing regulatory burden.
- Time and cost reduction. We usually have 5-6 examiners rotating at onsite exams for a month. Usually, there are several new examiners in training and we are used as their training facility.
- regulatory burden
- Stop New Regs
- Reduce regulatory burden is number one.
- reducing regulatory burden
- Do not have 'hot buttons' for every exam without preparing the Credit Union ahead of exam time.
- Regulatory burden for small credit unions.
- Reducing regulatory burden.
- Over real advice. If they know so much about what we should be doing, then they should be prepared to offer sound guidance when they identify a problem.
- Reducing regulatory burden
- reducing regulatory burdern
- Reducing regulatory burden, costs, and exam burdens; especially for small to mid-size credit unions with limited resources.
- Reducing frequency of exams.
- Reducing regulatory burden & costs for small credit unions
- Have a small credit union exemption for CECL
- Reducing regulatory burden
- Remove 1 to 4 unit non-owner occupied properties from the definition of Member Business Loans. The characteristics are more residential in nature and should not require annual financial statement review.
- The statutory cap on member business lending of 12.25% of total assets is impeding our ability grow responsibly.
- Reducing regulatory burden on credit unions.
- Adhere to legislative capitilization standards.
- NCUA findings often lead to involving third parties and the costs are high. In our experiences, the value has been more for NCUA to cover themselves than a true benefit for the credit union. IT and loan analysis are areas that specifically stand out in this regard.
- Reduce regulatory burdens. General Survey Note... please change the examiner rating questions. They indicate the responder should fill out if the examiner is outstanding or poor. There was no in between areas. It would make more sense to simply rate your examiner since the likert scale goes from poor to excellent in every case anyway.
- Reducing Regulatory Burdens
- Reducing regulatory burden of regulations that make no sense or are not relevant. Start untangling the mess.
- Reducing regulatory burden would be my priority. We spend a tremendous amount of time and money trying to comply with the plethora of regulations and just continues to grow.
- Reducing regulatory burden
- Enabling small credit unions to do first mortgage loans without the burden of the CFPB higher cost mortgage rules. These loans are not sold and they are the sweet spot of what a small credit union can do for its members of modest means.
- clearly the reduction of regulatory burden

- Eliminate outdated "membership" limitations. With technology there is no reason to limit CU's to outdated boundaries
- Burdens that go along with loan review.
- Even longer exam rotation for higher CAMEL-rated CU's. Short supervisory contact visits can suffice for those credit unions.
- Simplify regulations and allow supplemental capital.
- reducing the regulatory burden: there are old and new regulations that just make no sense what so ever and cost the credit union and NCUA more than what the risk they are trying to prevent is worth.
- Reduce expense and then cost to credit unions
- follow through on the change in examination cycle - this would reduce frequency and cost of examinations
- understanding
- reduce regulatory burden
- Reducing the overall burden of the total number of regulations that we have to comply with. We try to develop policy that states we will meet the requirements of all of these regs, then are told that the policy is too complex (it is) then are told to simplify policy only to be told later that the policy is not comprehensive enough.
- Quit changing the 5300 Call Report every quarter. The pages and length of the Call Report has morphed over the past 2-3 years....
- Exam frequency AND length of exam (2 weeks!) for a Camel 1 or 2 credit union.
- regulations and exam burdens , time involved for the credit union
- reducing regulatory burden
- Reducing regulatory burden
- For small credit unions I have had 2 IS&T audits. It would be nice if there were clearer regulations then referring us to review a technical guidance.
- Again, I go back to need for more willingness to go to 90% virtual exam. While I realize that they need to evaluate loans, there are more ways to streamline the exam process while saving money.
- Field of Membership (FOM) regulations. It is easier as a federal charter credit union to request expansion of FOM than as a state charter credit union. Larger FCU are absorbing membership bases that smaller SCU are not allowed to compete with and remain in business.
- Make sure DOR have actions that will achieve the objectives of the issue.
- replace onsite exam visits with virtual ASAP. In a small CU where the CEO & Manager wear many hats, it is difficult to perform our normal duties AND be at the beckon call of the examiner. We are spread thin as it is.
- Just have a moratorium on regulations. Whether it is a new reg., or updating an existing reg., it means more work to try and stay in compliance. Please just leave everything alone for a while.
- reducing regulatory Burden
- reducing regulatory burden for small credit union's. I have to live at my credit union in order to keep up with our daily tasks and keep up with all the regulations. and then hope we can afford what these regulations end up costing us as they fall into place.
- reducing regulatory burdens and cost
- Regulatory burden and cost.
- Some form of assistance in transitioning to the Virtual Exam format.
- Glad to see the frequency of exams extended. Having less "trainees" brought in during exams would also be helpful as it is more taxing on personnel that are already stretched thin.

- For small credit unions, it would be helpful for someone to help with cyber security without have fears of DOR's. Being able to ask questions without have weaknesses appear on a report.
- Change the merger requirements to allow Federal Community CUs to merge with SEG CUs and vice versa and not just in an emergency situation.
- Reducing regulatory burden
- Reduce the number of examiners on-site.
- Proposed Regulations: Requirements for Insurance; National Credit Union Share Insurance Fund Equity Distributions. I feel that credit unions were duped into agreeing with this regulation and most comment letters agreed with closing the fund - however - DID NOT agree with increasing the NOL to 1.39%. However, since these two were tied together, it didn't matter and NCUA went ahead anyway even though they know that CU's were not in favor. The has eroded any faith that I have in NCUA. The amount of money that my CU is getting back is not worth moving the NOL to 1.39% and if I had known that the 2 were tied together - I would have dissented on my comment letter.
- Regulatory burden on small credit unions is quite great as we have a very small staff.
- Reducing Regulatory Burden.
- 1-4 family residences that are not owner-occupied should not be considered MBLs
- 1. Realize the New Worth Ratio is an arbitrary, easily manipulated RATIO that does not provide any real insight to the health of an organization. In liquidity challenged organizations, offering non-member deposits is, at times the best, most cost effective business decision available. When management makes this decision, and takes into account the impact to Assets and Net Worth, discusses this with the Board of Directors and insures that Net Worth does not fall below 7%, why they would the NCUA feel it necessary to scold the organization? Especially when the organization has already returned Net Worth above 8%?
- Anything that can be done to reduce the regulatory burden as it has a significant impact on our resources. Several of our employees have compliance responsibilities as a main component of their job and we also contract with outside companies to assist us with compliance. I appreciate the fact that we qualified for an 18-month exam cycle this past year. The extra time was very helpful in getting other projects accomplished.
- Extend exam cycles for CU's over \$1 Billion.
- Stop sending this survey when I've already completed it before
- Reducing regulatory burdens
- reducing regulatory burden, lengthening exam time frames for healthy cus
- reducing regulatory burden to much paper work on things we do not do.
- Getting rid of or increasing the ceiling on Member Business Loans.
- Reducing Regulatory Burden.
- Expand FOM with less requirements
- exam must list 3-5 positive about the credit unioni
- Definitely a longer exam cycle, preferably 18 months, for CAMEL 2 and up and over \$1.0B in assets.
- reducing regulatory burden
- Reduce Mortgage Lending regulations
- Use more remote (off-site) analysis of credit union data with follow-up questions, if any.
- Reducing regulatory burden.
- reducing regulatory
- Less time spent on health credit unions
- Making it easier to expand fields of membership like many state regulatory agencies allow.

- Nothing to note with regulations
- We would think that reducing some regulatory burden would definitely free credit union management to provide better service to credit union members. Most regulatory compliance increases expenses for smaller credit unions. The reason for the increased expenses is the cost of assistance from the third party vendors to comply with the regulations.
- Some form of supplementary capital.
- Nothing comes to mind at this time.
- reducing regulatory burden
- keep the 18 mth or longer exam cycle for well run credit unions.
- Reducing regulatory burden, for example, with the extensive capital planning and stress testing
- Some of the BSA requirements and monitoring of account usage are becoming burdensome and expensive for credit unions to accomplish given the slim margins and the prolonged low interest rate cycle.
- reducing regulatory burden
- Eliminate Reg. D.
- Obviously reducing regulatory burdens would have the most impact. The "one size fits all" mentality of applying regulation causes the most problem in our credit union.
- Extending the exam cycle.
- A new look at the Risk Based Capital Rule
- It is believed that regulations, in general, need to not be a 'one size fits all' regulation.
- the regulatory burden is somewhat overwhelming when there are only 2 people working in shop
- We are one of the smallest Credit Unions and the regulatory cost continues to rise causing financial burden on the Credit Union.
- small credit unions that are in good standing should not have to adhere to costly requirements when acting in good faith
- reducing regulatory burden
- Exam burdens in the area of time and the amount of paper work requested
- If credit unions are going to exist to help people of modest means, reduce regulatory burden for smaller credit unions to help them survive.
- Exam Burdens, Reducing Regulatory Burden,
- Exam burdens
- reduce regulatory burden