

Template: Notify Credit Union of Need to Revise or Replace NWRP

Date

Mr. John Doe
Board Chairperson
ABC Federal Credit Union
Address
City, State Zip

Dear Mr. Doe:

Examiner [NAME] recently reviewed your credit union's compliance with its current net worth restoration plan (NWRP), which I approved [DATE]. As you know, this plan is part of the mandatory supervisory action required under Part 702 of the NCUA rules and regulations, Prompt Corrective Action (PCA), and the credit union is responsible for its performance.

The review identified several deficiencies regarding the credit union's progress implementing the plan and achieving its goals. Those deficiencies include:

- *Quarterly Increases in Net Worth* – The credit union has been unable to increase net worth for the last [NUMBER] quarters ending [list of DATES], consistent with its existing NWRP. As of [DATE], the credit union's net worth ratio was [NUMBER] basis points below its NWRP target of [NUMBER] percent.
- *Earnings Transfers* – The credit union failed to generate sufficient earnings to meet its plan's targeted earnings transfers to regular reserves for the [DATE] and [DATE] quarters and has had to request substantial reductions in the transfer amounts for both quarters.
- *Delinquency Control* – Delinquency has increased since the beginning of [YEAR] due to sponsor layoffs and declining collection activity. As of [DATE], delinquency stood at [NUMBER] percent, which is well above the NWRP's targeted [NUMBER] percent.

These problems indicate that the NWRP is no longer adequate and needs to be revised or replaced if the credit union is going to successfully meet PCA's capitalization requirements.

As outlined in §702.206(a)(3), this serves to notify you that the credit union must submit a new or revised NWRP to me within 30 days of the receipt of this letter. Please ensure the plan and its supporting documents meet the minimum standards set forth in §702.206. I will provide you with my written response within 30 days of the receipt of your plan.

Mr. John Doe
Date
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[For credit unions that have \$10 million or less in assets, include the following statement: NCUA's Office of Small Credit Union Initiatives (OSCUI) is available to assist you. To request assistance complete our [OSCUI Consulting Nomination Form](#) and check the "Net Worth Restoration Plan" box in the *Immediate Services Requested* section of the form.¹]

Please contact examiner [examiner name] at [phone number] with any questions.

Sincerely,

[NAME]
Regional Director

[Office]/[WRITER'S INITIALS]
SSIC XXXX
Charter #

cc: SE
EX
SSA (when applicable)

¹ <http://www.ncua.gov/Resources/OSCUI/Documents/ConsultNomination.pdf>