

Template: Notify Credit Union of Need to Submit NWRP/RBP

Date

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

Dear Mr. Doe:

Based on the [DATE] call report, your risk based net worth ratio is [NUMBER] percent and exceeds your net worth ratio of 6.00 percent. As a result, your credit union is classified as undercapitalized as outlined in NCUA rules and regulations Part 702. All federally-insured credit unions classified as undercapitalized must file a Net Worth Restoration Plan (NWRP) outlining the steps they will take to improve net worth.

Enclosed is a sample NWRP. Your plan does not have to be identical, but it should include all of the information included in the sample. I recommend you become familiar with the requirements of Part 702 as soon as possible.

At a minimum, your NWRP must specify:

1. A quarterly timetable of steps your credit union will take to increase its net worth ratio so that it becomes “adequately capitalized” by the end of the term of the Plan, and to remain so for four (4) consecutive calendar quarters
2. The projected amount of earnings to be transferred to the regular reserve in each quarter of the term of the Plan equivalent to not less than 1/10th percent (0.1%) of its total assets
3. How your credit union will comply with the mandatory and discretionary supervisory actions imposed on it by the NCUA Board under this subpart
4. The types and levels of activities in which the credit union will engage

In addition, the NWRP must:

1. Note any new services to be provided
2. Identify any planned major fixed asset acquisitions
3. Include pro forma financial statements, including any off-balance sheet items, covering the period until net worth reaches six percent plus a minimum of four additional quarters. The projected data should be more highly detailed and presented in quarterly format for the first two years. Subsequent periods may be presented on an annual basis

Mr. John Doe
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You have until [DATE] to submit a NWRP to this office. NCUA is available to assist in the development of your NWRP. You may request additional assistance by submitting a formal request to my office. [*For credit unions that have \$10 million or less in assets, substitute the following for the previous sentence:* NCUA's Office of Small Credit Union Initiatives(OSCUI) is available to assist you. To request assistance, complete our online [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 #
Enclosure

cc: SE
EX
SSA (when applicable)

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