

Template: Supervision Chronology Report

Contact Profile

CU Name		Region	
City, State		DSA/SE	
Charter/Ins#		PCO/EX	
CEO		Most Recent Onsite	
Phone #		CAMEL Rating	
Year Chartered		Assets	
FOM		Net Worth Ratio	
Low Income		ROA	
Underserved Area(s) Added		Asset Growth Ratio	
Effective Date of Initial Code 4/5 Assignment		Members	
Future Prospects	(ex: upgrade, merger, liquidation)	# Branches	

Sponsor: State chartered CU - primary FOM are various SEGs in USA County

Management Evaluation: CEO long-term 18+ years. CPA. Strong financial knowledge-but over the years has taken high risk.

Root cause of problems: Weak/aggressive lending and high risk ALM strategies.

Supervision Planned: Continued on-site contact until overall financial strength improves.

Chronology of Contacts and Supervision

2011

6/2011 Examiner XXXXX Insurance Review

CAMEL 4= 4-4-3-5-3

Completed the insurance review effective 3/31/2010. This was not a joint exam with the SSA. Despite changes and adjustments to policies, procedures and the balance sheet, conditions are not improving. It's going to take time. The downturn in USA County economic condition has stabilized. Insufficient to make a positive impact. Loan modifications remain a small percentage of the loan portfolio. No new mods since 2010. Operating expenses and costs are declining but not as fast as the decline in yield. Ongoing deterioration. The LUA remains in effect.

5/2011 Examiner XXXXX

Offsite review CAMEL 4= 4-4-3-5-3

Review of April board package. Preparation of "Top Case" information. Review of Cash Flow statement draft submitted by CEO. Several email contacts with CEO throughout the month.

4/2011 Examiner XXXXX

Offsite review CAMEL 4= 4-4-3-5-2

Phone and e-mail contacts during the month to monitor progress. Review of board package. Review of DOR compliance status.

3/10/2011 Examiner XXXXX Follow-up Exam

CAMEL 4= 4-4-3-5-3

Review first quarter board packages and completion of monthly management reports. Completion of SATEX and review of trends. DOR follow-up. Review of ALM program, policies and procedures including recent investment purchases and borrowings. Reviewed Loan Modification program and sample modification loan review, TDR classifications and reserves. Review of ALL and methodology changes. ALL validation by external consultant. Compliance with LUA and DOR. Review of NW contingent capitalization plan – needs additional revisions/detail. Review of vendor receivables.

2/2011 Examiner XXXXX

Offsite review CAMEL 4= 4-4-3-5-2

Review of board package. Phone contact to discuss major income/expense items and deteriorating key ratios. E-mail contacts during the month to discuss purchasing loan portfolios or participations. Monitor progress.

1/3/2011 Examiner XXXXX Onsite review

CAMEL 4= 4-4-3-5-2

Onsite. Review of modified loan policies and sample review of modified loans. Complicated multi-dimensional modifications and forbearances. Required additional reserves over \$300k. Review of financial trends. Net losses from operations and declining NW; 5.31%. Delinquency decreased since December 2009 but charge off increased. 17/4 tests reflects a NW of 2.49%; 0.50% including Investment devaluation for a 94% negative change in NW. Since 2009, long term asset ratio increased to 42%. Borrowings at \$20 million.

12/27/2010 Examiner XXXXX

Offsite review CAMEL 4= 4-4-3-5-2

Review of November board package and completion of monthly management report. Completion and review of SATEX.