

## **NSPM 2.0 Transmittal Log**

This version of the NSPM includes a statement on the NSPM's purpose and implementation including NCUA's position on additional or alternative policies. The Exam Steering Group's NCUACentral site provides clarifying FAQ's on additional and/or alternative procedures.

This transmittal log documents changes made chapter by chapter to the NSPM from version 1.1 (issued March 11, 2013) to this current version 2.0. These changes:

- Amend existing procedures to improve the consistency and efficacy of the examination and supervision program.
- Provide clarification for existing procedures
- Amend procedures as a result of regulatory amendments or other agency directives

This transmittal log does not reflect technical amendments and minor grammatical changes. A redline version of all changes is available on the Office of Examination and Insurance's NSPM SharePoint page.

## Chapter 1 - District Management

Number	Section/ Subsection	Change
1	1	Added reference to ONES field staff, supervisors and Director in first and second footnote. Add footnote to RD and ARD to include ONES Director and Deputy, respectively.
2	6B	Changed the required verbiage for troubled condition notice to include the following language "...at least 30 days prior to the effective date of the change, or within 48 hours of the election at an annual membership meeting"
3	7A	Changed wording to allow for more flexibility on actual RATE due dates - allows for 75 days
4	8C	Added a paragraph in Section 8C to outline EIC expectations.
5	8B and 8D	Clarified the completion timeframes for examinations. Examiners have 60 days open to close. All other timeframes must be within those timeframes or other timeframes will be shortened (i.e. an examiners cannot hold the JC on day 59 and upload the examination on day 64, unless a waiver is obtained).
6	8J	Clarified that the supervisor in charge of the credit union is responsible for completing the DSRC. Examiner's will have permission to view the DSRC. Also clarified documents examiners must send for DSRC.
7	8J	Added a bullet to the DSRC section to clarify that SEs should perform DSRC on SSA examinations where NCUA participates and there is a proposed or existing admin action. SE must review NCUA materials of exam report to determine whether they concur with admin action and decision to issue (i.e., the DSCR is process for determining whether NCUA will participate in admin action). Only required if NCUA participates.
8	8J	Clarified DSRCs are required for examinations and follow-up examinations and for all CAMEL 4 and 5s.
9	8J	Updated the NSPM to remove the phrase "backup of the AIRES exam file" and just reference the supporting documentation.
10	8J	Clarified that EICs are responsible for creating the DSRC in NSPM Tools.
11	8J	Changed language to clarify that a DSCR is required - not "Supervisor Evaluation Form"
12	8J	Deleted the DSCR requirement for supervisors to "...communicate their decision to the examiner via email," since the NSPM tool sends an automatic email to the EIC and field supervisor when the DSCR is complete.
13	8J	Added a waiver from the required 5-day due date timeframe to submit the examination documentation to the SE for the DSCR. SE may approve an additional 3 days if extenuating circumstances exist.
14	8J	Clarified language for when a DSCR is required.
15	9	Clarified first bullet: examiners must indicate the # and type of attendees present (e.g. 5 board members, 2 SC members, SE Smith)
16	14B	Revised Section 14 to clarify critical case expectations and define the purpose. Removed reference to frequency, this will be at RD discretion
17	Throughout	Added footnotes or clarification where warranted to include processes for corporate credit unions, their monthly 5310 filing and subsequent requirement for monthly trending, the annual examination requirement and reference AUP and CEWC in lieu of AIRES forms/modules.

## Chapter 2 - FCU Program

Number	Section/ Subsection	Change
1	Intro	Generalized 5300 Call Report reference to Call report so it applies to corporate credit unions as well. Made similar change to Section 4E.
2	1B	Clarified scope expectations based on 5000.20 (Rev 5). Removed specific expectations from NSPM, revised language in Section 1B and 3 to reference 5000.2 (rev 5) for scope expectations.
3	3	Clarified membership data collection is for consumer FCUs.
4	4A	Provided regions and field staff with more discretion to manage risk in smaller Code 3, 4 and 5s based on specific risks at the CU. Added a section to 4A outlining follow-up in credit unions less than \$50 million: Code 3 follow-up will be at region discretion. For Code 4 and 5 follow-up must be completed no later than 210 days, no exceptions.
5	4A	Amend language to be clearer about the intent of the expected supervision.
6	4B	Revised the requirement for supervisors to approve in writing any waiver beyond 60 days and ARDP approval to 90 days. Follow-up is still required within 60 days, ARD doesn't need to approve unless follow-up on record keeping is outside 90 days. Chapter 5 also updated.

### Chapter 3 - FISCU Program

Number	Section/ Subsection	Change
1	Intro	Revised this section to reference Call Reports and trending analysis. For consumer credit unions trending requirements are quarterly. For corporates, trending requirements are monthly.
2	2	Reworded to require onsite contact after a WCC 26 only when NCUA codes the FISCU a 4 or worse and the SSA rating is better than the NCUA rating. Revised requirements for following up on differences of CAMEL when the NCUA rating is a 3. The follow-up process when there is a discrepancy in CAMEL between SSA and NCUA when the NCUA rating is a 3 and the SSA rating is a 1 or 2 will be at the discretion of the EX and their SE.
3	2A	Revised the list of items provided to the credit union to include the Table of Contents. The AIRES Table of Contents is our permanent administrative record of forms provided to the CU, it should be used to document what documents we provide to FISCU.
4	3A	Clarified that NCUA examiners should not upload problem codes during WCC 11 joint examinations. WCC 26 is the time for NCUA to input any missing problem codes or violations. NCUA examiners will not change the effective date of their examination in order to upload problem codes, if they do and the SSA uploaded them, it creates duplicates and can skew the annualization of ratios. NCUA examiners will leave the effective date the same and exclude those items from the upload. During the code 26 review examiners will make sure the violations and problem codes are accurate.
5	3B	Update scope expectations to reference 5000.20 (Rev 5)
6	4F	Revised this section to reference Call Reports and trending analysis. For consumer credit unions trending requirements are quarterly. For corporates, trending requirements are monthly.
7	5D	Clarified requirements for inputting SSA DORs during WCC 26 reviews. Referenced Chapter 11, Section 3.

## Chapter 4 - Quality Assurance

Number	Section/ Subsection	Change
1	4	Added, "for consumer credit unions" at the end of the RATE Form definition to clarify this is a tool for consumer credit unions.
2	4C	Clarified that the quality control review for RATE is not the same as a QCR for an examination. The RATE QC should be documented for regional management.
3	4C	Clarified language around SEF forms to reflect capabilities of NSPM Tools.
4	6B	Revised Chapter 4 to describe DSRC but reference Chapter 1 for details. Reduced redundancy.
5	6C	Revised to clarify that a full review for a joint WCC 11 should not occur until the WCC 26 is complete. Aware of delay this may cause in appraisal. Timeframe for completion is from the WCC 26 upload.

## Chapter 5 - Audits, Recordkeeping, Fraud

Number	Section/ Subsection	Change
1	1	Revised Section to reference Scope Instruction 5000.20 (Rev 5) for review of workpaper expectations. This Instructions gives a baseline review area to "review AUP and SC audit workpapers" Opinion audit workpapers are omitted from the baseline review area, examiners can opt-in to this review.
2	5	Revised the requirement for supervisors to approve in writing any waiver beyond 60 days and ARDP approval to 90 days. Follow-up is still required within 60 days, ARD doesn't need to approve unless follow-up on record keeping is outside 90 days. Chapter 2 also updated.
3	5	Revised the wording of the following item to be consistent with Chapter 2, page 68 for significant recordkeeping problems. "Establish a follow-up supervision contact within 60 days of the last contact's completion date." Changed "establish" to "complete"
4	7	Revised to indicate examiners can review the credit union's bondability checks and procedures for employees rather than do the bondability check through DOS.

## Chapter 6 - Waivers, Change of Officials, other Regulatory Actions

Number	Section/ Subsection	Change
1	1E	Revised section to state review of outstanding regulatory waivers is required at every examination. Every waiver will be reviewed at every examination. This will be a required scope step going forward. Every third year DOS will perform top down look.
2	11G	Added language to "Grounds for Denial" to include OCG concurrence. Added language regarding factors which support denials.
3	12	Added secondary capital section, 12. Added related sample letters and regional summaries to appendices.
4	Appendix 6-BB	Revised template to address letter to Applicant with cc to the credit union.
5	Appendices 6-II-6-KK	Added Appendices 6-II through 6-KK. CU and applicant should receive separate notices when applicant is not approved to serve. These appendices provide the necessary language as directed by OGC.
6	9, Appendices 6-TT - 6-XX	Inserted section on loan participation limitation waivers. Added appendices for template letters.
7	6	Added indication examiners will use Supervisory Letter 13-1, <i>Evaluating Credit Union Requests for Waivers of Provisions in NCUA Rules and Regulations Part 723, Member Business Loans</i> when reviewing MBL waiver requests.
8	Appendices	Inserted denial letter as Appendix QQ and renamed following appendices - edited hyperlinks QQ through YY in chapter 6 to match new lettering

## Chapter 7 - CUSOs

R4

Number	Section/ Subsection	Change
1	All	Revised Chapter and Appendices based on CUSO working group agreed upon guidance to examiners.



## Chapter 8 - OSCUI

Number	Section/ Subsection	Change
1	All	OSCUI submitted revised chapter focusing on consulting services
2	Appendices	Added appendices for regional summary and memo response to OSCUI for loans and grants.

## Chapter 9 - BSA

Number	Section/ Subsection	Change
1	4B	Clarified language to outline that for significant BSA violations a DOR is required regardless of whether the violation was corrected during the examination. If the DOR is corrected during the exam, the report will indicate this.
2	Appendix 9-A	Removed "As of March 1, 2011" language at top of Appendix. Removed "for paper filings or 25 days for electronic filings" under 1010.306(a)(1).
3	Appendix 9-A	Updated Appendix 9-A - added an "*" in the relevant column indicating examiners have the ability to determine the appropriate reference.

## Chapter 10 - PCA

Number	Section/ Subsection	Change
1	4	Added sentence to remind examiners of OSCUI assistance.
2	4A	Clarified procedures and process for determining if a NWRP is substantially complete. DOS makes determination and sends letter, does not wait until field staff makes determination on completion.
3	Appendices	Added optional paragraph to reference OSCUIs consulting services when developing NWRP for CU less than \$10 million in Appendices 10-A1, F, H, N, and O.

## Chapter 11 - Administrative Remedies

Number	Section/ Subsection	Change
1	3B	Updated Chapter 11, Section 3B with changes from Bulletin 4010B
2	3B	Changed language to indicate that the examiner will document in the DOR Comments and Status Section of the DOR Module why management failed to take corrective action. If additional documentation is needed beyond what is provided to the credit union in the DOR Status Report or other open sections of the report, the Confidential Section may be used.
3	3 Intro	Clarified requirements for inputting SSA DORs. Referenced Chapter 3, Section 5D which outlines procedures for WCC 26 reviews including inputting SSA DORs. Added reminder with same language
4	5F	Streamlined timeframes and process associated with issuing an LUA to allow for issuance during or subsequently to the examination. Allow the option for JC to be delayed until LUA is ready.
5	5	Removed published LUA information and appendices from NSPM. As a formal enforcement action, PLUAs will be outlined in revised Enforcement Manual.
6	5F	Revised LUA section to clarify flexibility on issuing DORs simultaneously or subsequently to the examination. Clarified that LUAs are subsets of DORs, items must be a DOR first or simultaneously to be an LUA item. All items LUA and DORs will be recorded in DOR module for tracking. Developed Illustration as an example.
7	Appendix 11-A	Added optional paragraph regarding OSCUI services to RDL template letter.
8	Appendix 11-I and 11-J	Revised format of a PWL to read as letter based on recommendation from Exam Steering Group. PWL is addressed to the Board, copy the CEO. Signature line was removed.

## Chapter 12 - WCCs

Number	Section/ Subsection	Change
1	All	Updated Chapter to reflect WCC changes outlined in Instruction 5000.13 (REV 19)
2	6	Added section on BSA time tracking

## Chapter 13 - Examination Report Writing

Number	Section/ Subsection	Change
1	All	Add Chapter 13 from Bulletin 4010B to NSPM
2	2H	Examiners should document the status of NWRP, LUA, PWLs, etc... in the status update template as outlined in Chapter 13. Revised various sections of the NSPM to direct examiners to use the Status Update template to capture the status of LUAs, PWLs, NWRPs, RBP etc...
3	2H	Removed the sentence referencing the DOR Status Report in this section so as to minimize confusion with the Status Update. Added DOR Status Report to list of required documents.

## Chapter 14 - Exam Complaints

Number	Section/ Subsection	Change
1	All	Added Exam Complaint Procedures and Responsibilities