

Template: Acknowledge LUA and CAMEL Downgrade

Date

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

Dear Mr. Doe:

I reviewed your credit union's recently completed examination report, prepared by examiner (name) with an effective date of (examination effective date). I note the following major areas of concern:

- 1) First major problem area – provide short description
- 2) Second major problem area – provide short description
- 3) [List any additional major problem areas]

I encourage the officials to take immediate and ongoing action to achieve the goals set forth in the examination report [*“and Letter of Understanding and Agreement” (if applicable)*].

As you know, your credit union is coded CAMEL [4 or 5] as a result of your recent examination. Therefore, the (Credit Union Name) Federal Credit Union is now designated in "troubled condition" per §212(f) of the Federal Credit Union Act and §701.14 of the National Credit Union Administration (NCUA) rules and regulations. You must follow specific procedures when changing officials and management personnel. You can find this information on NCUA's website. The procedures remain in effect until the credit union is upgraded to a CAMEL 3 or better.

A Letter of Understanding and Agreement, signed on (date signed by officials), sets forth the significant adverse conditions identified in the examination report and the agreements reached to resolve them. This agreement is closely monitored during subsequent examinations and remains in effect until it is canceled or replaced. Failure to comply with the agreement's terms and conditions is cause [*in the case of a non-published LUA, change “is cause” to “can be grounds”*] for taking more severe administrative actions against the credit union or its officials.

Sincerely,

[NAME]
Regional Director

[Office]/[WRITER'S INITIALS]

SSIC XXXX

Charter #

cc: SE
EX
SSA (when applicable)