

NSPM v1.1 Transmittal Log

This transmittal log documents changes made chapter by chapter to the NSPM from version 1.0 (issued June 2012) to this current version 1.1. While many of these changes provide clarification for existing procedures, others are a result of regulatory amendments or other agency directives. Minor grammatical changes are not reflected on this log, but are illustrated in the redline version available on the Office of Examination & Insurance's SharePoint page. Below is a list of more substantive changes in NSPM v1.1:

1. Chapter 1, Section 6B outlines procedures for notifying a FISCO of its troubled condition designation. This process was amended to provide consistency with the changes to NCUA R&R §701.14 which went into effect February 19, 2013. Additional revisions for these procedures can be found in Chapter 3, Section 5D.
2. Chapter 1, Sections 8A has been updated to address the Items Needed Letter. This requirement applies to FCUs and when NCUA is lead on a FISCO examination. SSAs should be encouraged to use the Items Needed Letter.
3. Chapter 1, Section 10 has been updated to require the examiner discuss the option of holding a Joint Conference with the board chairperson, or their designee (not a credit union employee) in instances where a joint conference is not required. The examiner must document this discussion in the confidential section as required by the recently issued confidential section template.
4. Chapter 2, Section 4C now prohibits changing a composite CAMEL rating during a FCU offsite supervision contact (WCC 27).
5. Chapter 3, Section 4C now prohibits changing a composite CAMEL rating during a FISCO offsite supervision contact (WCC 28) unless the WCC 28 is a review of an SSA onsite contact.
6. Chapter 3, Section 2A now incorporates the requirement to disclose NCUA CAMEL ratings to FISCOs previously addressed in NCUA Instruction 5020, which is cancelled with this version 1.1. Examiners should strive for the simultaneous disclosure of CAMEL with the SSA. However, for CAMEL 1 or 2 FISCOs requiring a Documented Secondary Review of CAMEL, this section now permits an examiner, in consultation with their SE, to determine whether sending the FISCO CAMEL Disclosure Form via secured email or post with a teleconference to discuss the contents of the form is appropriate. If the CAMEL Disclosure Form is emailed or mailed a teleconference is mandatory. Joint conferences are required for CAMEL 3, 4 or 5, which may mean a separate joint conference is necessary after allowing for the Documented Secondary Review of CAMEL.
7. Chapter 3, Section 4E, Review of SSA Examinations (WCC 26) has been amended as follows: Review of independent SSA examinations resulting in an NCUA CAMEL composite rating of 3 or worse, with an SSA CAMEL composite rating that is better than the NCUA WCC 26 rating, require an onsite supervision contact. In instances where NCUA's CAMEL composite is a 4 or 5, an onsite supervision contact must be completed within 45 calendar days of completing the WCC 26 review to validate the CAMEL rating and trigger the 'troubled condition' designation. For the same FISCOs where there is an official or senior executive officer vacancy, examiners must start this onsite contact within 5 business days of the WCC 26 upload. The Executive Director must approve exceptions.

Chapter 1

Number	Chapter	Section/ Subsection	Change
1	1	1C	Removed reference to material onsite contacts.
2	1	1C	The annual examination requirement for FISCUs over \$250 million should be measured as of March 31 of the preceding year.
3	1	1C	Technical Amendments.
4	1	1C	Clarified 3rd paragraph to indicate variances in completion timeframes being discussed relate to annual exam scheduling variances.
5	1	2A/4	Added reference to Section 4 in Section 2A. Clarified section 4 to state Chronology reports are in addition to other types of reports and examiners must maintain them, provide to SE and RO when requested and upload in AIRES files when applicable.
6	1	6	Revised Section 6 to address process for notifying FCUs and FISCUs of their troubled condition. Added Section 6B to address this.
7	1	8A	Revised language in 8A to include using pre-examination letter (aka Items Needed template) during the notification process. This document must be sent at least 5 working days before exam/follow-up exam/supervision contact start.
8	1	8H	Corrected link to Instruction 5000.20 (rev 4)
9	1	10	Revised language to indicate Examiners must discuss the option to hold a JC with the Board Chairman or their designee (not a CU employee) in instances where a JC is not required. This discussion should be documented in the confidential section.
10	1	14B	14B states RDs will hold critical cases at least semi-annually. Footnote in 14A intended to state frequency and timing beyond this requirement are at the RDs discretion. Clarified this intent by editing and moving the footnote.
11	ALL	Appendices	Updated templates to comply with Communications Manual

Chapter 2

Number	Chapter	Section/ Subsection	Change
1	2	4C	Examiners will not change a credit union's composite CAMEL rating during a WCC 27 contact. - Language added to Chapter 2, Section 4C.
2	2	Appendix 2A	Updated sufficient scoping examples in the Appendix

Chapter 3

Number	Chapter	Section/ Subsection	Change
1	3	2A	Amended requirements for CAMEL disclosures in FISCUs to allow for email or mail delivery of the FISCU CAMEL Disclosure Form for CAMEL 1 or 2 composite ratings to allow for Documented Secondary Review of CAMEL. Clarified CAMEL 3, 4, or 5 FISCUs requiring a Documented Secondary Review of CAMEL must have a joint conference after allowing for time for Secondary Review. This may mean NCUA is returning for a JC to disclose the NCUA CAMEL after the SSA has held their JC. NCUA examiners should stive for simultaneous disclosure and in all cases should invite SSA to attend JCs and teleconferences. Instruction 5020 is cancelled.
2	3	2B	Clarified section 2B. RDs will provide a list of all FISCUs being reviewed in the upcoming year, and the criteria used to select them including those that exceed \$250 million in assets and those chosen for other reasons.
3	3	4C	Examiners will not change a credit union's composite CAMEL rating during a WCC 28 unless the WCC 28 is a review of an SSA onsite contact. When a WCC 28 is used to review an SSA onsite contact, examiners should follow the guidelines outlined under WCC 26 Reviews regarding disagreements in CAMEL and notification of troubled condition as outlined in various sections of this chapter.
4	3	4E	Revised WCC 26 Section to outline timeframes for getting onsite after a downgrade during a WCC 26 (when the SSA rating is better than the NCUA rating) that may result in 'troubled condition'. For CAMEL composite 4 or 5 ratings, an onsite supervision contact must be completed within 45 calendar days of the WCC 26 upload to validate the CAMEL rating and trigger the “troubled condition”. Examiners will start a contact within 5 business days for the same FISCUs where there is an official or senior executive officer vacancy. The Executive Director must grant any exceptions to this policy. Regional Directors will establish the timeframe for onsite contacts for CAMEL composite 3 ratings.
5	3	5D and Reminder	Updated WCC 26 review steps to outlined process for FISCUs in troubled condition and disagreements in CAMEL. WCC 26 does not trigger troubled conditon. Must result from an onsite contact.

Chapter 4

Number	Chapter	Section/ Subsection	Change
1	4	2E / 5B	Technical Amendments and general clarifications.
2	4	3	Revised footnote. Clarified that QCR process stays as is in the region; however, selection should be based on NSPM criteria
3	4	4A	Revised section 4A to indicate QCRs are required on all examinations and follow-up examinations with an outstanding admin action. Other criteria above is for examinations; however, regions can elect to perform additional QCRs based on "additional discretionary criteria."
4	4	4	Removed prohibition from the footnote. Regions are not required to perform QCRs on prohibitions, but may elect to do so as an "additional discretionary review"
5	4	4	Amended footnote to state that QCRs must be performed on FICUs operating under PCA, excluding earnings waiver transfers. Regions are not required to perform QCRs on FICUs receiving an earnings transfer waiver under PCA, but may elect to do so as an "additional discretionary review"
6	4	5A	Added footnote to indicate each region can delegate DOS Director responsibilities to the Deputy as they see fit.

Chapter 5

Number	Chapter	Section/ Subsection	Change
1	5	3 /5	Technical Amendments
2	5	6	Clarified a bond claim would remain a disclosure item to bullet 1.
3	5	9	Deleted comments regarding contacting FinCEN when conducting fraud inquiry. In certain instances of fraud, reviewing CTR, SARs filed may prove beneficial. However, this can be done without contacting FinCEN.

Chapter 6

Number	Chapter	Section/ Subsection	Change
1	6	3	Revised 3A Acquired Premises for Future Expansion related to excess property to reflect the changes made in the revised rule §701.36.
2	6	5 / 6B	Technical amendments and general clarification
3	6	10B	Update section with new definitions of troubled condition. Specifically, FISCUs will be considered troubled if either NCUA (after an onsite contact) or the SSA code the FISCU a 4 or 5.
4	6	Appendix 6-CC	Revised template's last sentence to state contact Division of Supervision in general rather than Supervision Technician.
5	6	Appendix 6-HH	Corrected timeframes for Appraisal and Unsecured waiver requests to 45 days as outlined in 723.12. Separated Approval for Aggregate MBL limits into its own section.
6	6	Appendix 6-N	Corrected the the PCA Required Income for the Quarter from .01% to 0.10%.
7	6	Appendix 6Q	Revised to state the RD "cannot act on your request at this time" rather than stating request was denied.

Chapter 7

Number	Chapter	Section/ Subsection	Change
			No Changes Made

Chapter 8

Number	Chapter	Section/ Subsection	Change
1	8	4A	Revised hyperlink for Rules and Regulations to e-CFR rather than 2012 pdf file.
2	8	ALL	Technical Amendments

Chapter 9

Number	Chapter	Section/ Subsection	Change
1	9	Multiple	Technical Amendments and General Clarification

Chapter 10

Number	Chapter	Section/ Subsection	Change
1	10	Multiple	Technical Amendments and general clarifications. Updated hyperlinks.
2	10	4F	Revised to clarify that NWRP is no longer in effect once CU is adequately capitalized for 4 consecutive quarters. Or for a new credit union, once a RBP terminates when they are no longer considered new.
3	10	10-H	Clarified NWRP removal letter. RD does not terminate plan, plan automatically ends upon meeting 4 quarter criteria. Removed congratulate from the language.

Chapter 11

Number	Chapter	Section/ Subsection	Change
1	11	All	Revisions and technical amendments for clarification.
2	11	5I	Revised elevation action requirements from six months to "timeframe outlined in the LUA"
3	11	6E	Revised elevation action requirements from six months to "timeframe outlined in the PWL"
4	11	Appendix 11A	Revised RDL template to require response to RD with a copy to the examiner
5	11	Appendix 11C	Renamed template: FISCU Troubled Condition. This will be used when FISCU is a 4 or 5 by SSA, NCUA did not participate, concurs with rating, but cannot confirm SSA notified FISCU of troubled status (or confirms FISCU wasn't notified).
6	11	Appendix 11E	Revised LUA Template to include 2 options for non-published LUA language. Seek Enforcement Manual for Published LUA guidance.
7	11	Appendices	Revisions and technical amendments for clarification.

Chapter 12

Number	Chapter	Section/ Subsection	Change
1	12	All	Updated Chapter to reflect WCC changes outlined in Instruction 5000.13 (REV 18)