

TEMPLATE: Regional Summary of Loan Participation Limit Waiver

REGIONAL SUMMARY Loan Participation Limitation Waiver

Charter Number	
Credit Union Name	
Supervisor Name	
Examiner Name	
CAMEL Rating / Effective Date	
Financial Data Date	
Total Assets	
Net Worth Ratio	

FOM Description

Type of Waiver and Limit Requested

Reason for Request

Include a discussion of the need to raise the limit.

Assessment of Management

Discuss whether the credit union included documentation supporting its ability to manage the activity.

Financial condition, trends and projections

Analysis as outlined in Supervisory Letter 13-4:

- The credit union's financial capacity, management capability, and experience to absorb and manage the type of risk being assumed
 - This includes the credit union's ability to conduct due diligence tailored to the complexity of the third-party relationships involved.
- The credit union's history of financial and operational performance
 - Credit unions need to exhibit financial strength and consistent operating performance to warrant a waiver.
- Loan participation policies and procedures that encompass the types of loans the credit union will purchase, underwriting standards, concentration limits for collateral types, geographical locations, and other key risk factors
- The capability of the credit union's risk management systems and processes including:
 - Quality control procedures such as post-closing review of documents.
 - Quality and comprehensiveness of the master participation agreement(s).
 - Effectiveness of credit administration.

- Monitoring of the liquidity and financial health of the originating lender, servicer or both.

Credit unions requesting blanket waivers need to meet high standards of lending and management capability, including:

- Strong loan underwriting and demonstrated portfolio management expertise that include:
 - Appropriate lending, accounting, and legal expertise
 - Appropriate policies, procedures, quality and internal controls
 - Effective portfolio monitoring techniques, scaled to the size and complexity of the portfolio and types of credit in the portfolio
 - Effective, well developed, corporate governance practices
 - Sufficient levels of net worth consistent with the size, concentrations, and complexity of risks present in the credit unions business model

Considerations of applications for waiver of the single borrower concentration limit:

- The creditworthiness of the borrower as evidenced by appropriate underwriting and risk evaluation procedures for the type of credit
- The quality underwriting for loans previously granted to the specified borrower
- How effectively the credit union appropriately segregates and monitors performance of loans that previously received waivers

Other pertinent information

The review should also include:

- The ability to manage the loan participation program including current performance
- A review of the previous examination report to determine if weaknesses in participation lending exist

SSA concurrence (if state-chartered):

EXAMINERS AND SUPERVISOR RECOMMENDATIONS AND COMMENTS:

Examiner's Recommendation:

Supervisor Concurrence:

APPROVAL/DENIAL RECOMMENDATIONS
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Analyst Comments:

APPROVE ☐

DISAPPROVE ☐

Supervision Analyst _____ Date_____

APPROVE ☐

DISAPPROVE ☐

Director of Supervision _____ Date_____

APPROVE ☐

DISAPPROVE ☐

Associate Regional Director _____ Date_____

APPROVE ☐

DISAPPROVE ☐

Regional Director _____ Date_____