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| **REGIONAL SUMMARY**  **Loan Participation Limitation Waiver** |

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| **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**

**Analyst Comments:**

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| **APPROVE** |  | **DISAPPROVE** |  |

Supervision Analyst \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| **APPROVE** |  | **DISAPPROVE** |  |

Director of Supervision \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| **APPROVE** |  | **DISAPPROVE** |  |

Associate Regional Director \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| **APPROVE** |  | **DISAPPROVE** |  |

Regional Director \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_