

## CUNA, leagues continue to press NCUA on TDRs

WASHINGTON (12/5/11)--The Credit Union National Association (CUNA), credit union officials, and league staff discussed the range of regulatory problems and concerns that credit unions face when they provide troubled debt restructurings (TDR) to their members in a conference call with the National Credit Union Administration (NCUA) late last week.

TDR loans, which have very specific accounting and reporting requirements, occur when a credit union or other lender grants a concession to the borrower and modifies the terms of the loan based on the borrowers financial situation. The financial statement notes and call report data associated with TDRs are also unique.

The credit union representatives and CUNA staff, including Deputy General Counsel Mary Dunn, were joined on the call by NCUA Director of Examinations and Insurance Larry Fazio, General Counsel Mike McKenna, Senior Strategic Communications and External Relations Advisor Buddy Gill, Director of Supervision Matt Biliouris, and Chief Accountant Karen Kelby.

CUNA and others during the call noted that the NCUA's call report requirements are not consistent with U.S. Generally Accepted Accounting Principles, and asked the NCUA for clarifications on the distinctions between a TDR and a loan modification that is not a TDR and the circumstances under which a TDR is required to be reported as delinquent.

The credit union representatives during the call also noted that the NCUA's call report requirements force credit unions to track TDRs manually, and asked how call report requirements can be reconciled with GAAP.

The NCUA representatives said they are planning to release for public comment a proposed Interpretative Ruling and Policy Statement (IRPS) that will provide new guidance on reporting and other issues associated with TDRs. However, Dunn said, "there has been a real concern that the guidance would not address all issues sufficiently and leave some questions unanswered."

The NCUA asked CUNA and the other credit union representatives to provide further detail on what the guidance should address and how key issues should be handled, and CUNA plans to work with its accounting subcommittee to develop recommendations in time for the NCUA's upcoming Dec. 15 open board meeting.

Michigan CU League president/CEO Dave Adams, Northwest CU Association CEO John Annaloro, Missouri CU Association president/CEO Mike Beall, League of Southeastern CUs president/CEO Patrick La Pine, Ohio CU League president/CEO Paul Mercer, Rhode Island/Massachusetts/New Hampshire CU Leagues senior vice president and general counsel Mary Ann Clancy, California/Nevada CU Leagues president/CEO Diana Dykstra, Suncoast Schools FCU executive vice president/CFO Linda Darling, Mid Minnesota FCU CFO Pam Finch, Summit CU CFO Keith Peterson, and Patelco CU senior vice president/CFO Scott Waite took part in the call. CUNA Assistant General Counsel Luke Martone and Counsel for Special Projects Kristina Del Vecchio were also on the call.