



National Credit Union Administration

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** May 18, 2012

**FROM:** Larry Fazio, Director  
Office of Examination and Insurance

**SUBJ:** Loan Workouts and Nonaccrual  
Policy, and Regulatory  
Reporting of Troubled Debt  
Restructured Loans

**ACTION REQUESTED:** Approval to publish in the Federal Register the attached final amendment to 12 CFR 741 and accompanying Appendix C, Interpretive Ruling and Policy Statement, "*Loan Workouts and Nonaccrual Policy, and Regulatory Reporting of Troubled Debt Restructured Loans.*"

**DATE ACTION REQUESTED:** May 24, 2012

**OTHER OFFICES CONSULTED:** Office of General Counsel, Regional Directors, and OSCUI

**VIEWS OF OTHER OFFICES CONSULTED:** Recommendations incorporated

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** No

**BUDGET IMPACT, IF ANY:** None

**RESPONSIBLE STAFF MEMBERS:** Matthew Biliouris, Director of Supervision and Karen Kelbly, Chief Accountant Office of Examination and Insurance, and Chrisanthy Loizos, Staff Attorney, OGC Regulations and Legislation Division.

**SUMMARY:** NCUA seeks to amend its regulations to require federally insured credit unions (FICUs) to maintain written policies that address the management of loan workout arrangements and nonaccrual policies for loans, consistent with industry practice or Federal Financial Institutions Examination Council requirements. The final rulemaking includes an interpretive ruling and policy statement (IRPS) incorporated as an appendix to the rule that will assist FICUs in complying with the rule. The IRPS also addresses regulatory reporting of troubled debt restructured loans on FICU Call Reports. This final rulemaking and IRPS is timely considering the growth of these types of loans during the recent economic stresses experienced in the financial industry.

**RECOMMENDED ACTION:** Approve the final changes to 12 CFR 741 including the addition of Appendix C, IRPS on *Loan Workouts and Nonaccrual Policy, and Regulatory Reporting of Troubled Debt Restructured Loans* for publication in the Federal Register.

**ATTACHMENTS:** Notice of final revisions to 12 CFR 741 and accompanying Appendix C, IRPS, "*Loan Workouts and Nonaccrual Policy, and Regulatory Reporting of Troubled Debt Restructured Loans.*"

U