



C R E D I T U N I O N

Greg Bischak, Program Manager for Financial Strategies and Research,
Community Development Financial Institutions Fund, U.S. Department of the Treasury,
1500 Pennsylvania Avenue, NW, Washington, DC 20220

Thank you for the opportunity to comment on the CIIS system and required reporting. Communicating Arts Credit Union is very thankful to have been an awardee in the last 4 years of FA grants. As one of the only community minded financial institutions that focuses its efforts on providing affordable financial services to the poor in Detroit, we feel that the grants have allowed us to increase our impact exponentially. Our grant funds have been utilized quickly each year as lending capital for consumer loans (such as auto loans or small unsecured loans) and/or for allowance for loan losses.

I feel that the data requested for the ILR is relatively easy to accumulate, and not an undue burden. The hardest part of the process is translating the instructions into terms that we use to appropriately answer the questions. The questions and instructions seem to be written for loan funds, and credit unions are expected to figure out how these terms relate to us. The most significant example for me is the term “consumer loans” which I would say is any loan to a consumer – regardless of the collateral. The fund & CIIS apparently do not consider home equity loans or first mortgages to consumers to be “Consumer loans” yet other collateralized loans such as car loans are “consumer loans”.

We do not do any commercial loans, yet as a result of this terminology we are required to report each loan on our books that is collateralized by real estate. Since our membership is largely low income/low assets, our balances are relatively low – out of about 180 loans reported, 125 were for less than \$50K. 75 loans were for \$20K or less. I suspect this is well outside what the fund is actually looking for.

So, if this is really what the fund wants to see – perhaps there can be a consumer real estate category.

Also, the instructions are such that I find them hard to decipher on my own. If I work with someone on the help desk and they explain the instructions – they do make sense. But sometimes it’s only after someone has explained it. Again, I think that is likely a terminology issue.

I also find the (TLR) crosswalk instructions & examples confusing, and each year seem to get hung up on what the system actually wants versus what could be acceptable using crosswalk. I do understand and appreciate that for the system to work, the input must be controlled and consistent but I find this method & the instructions to be outdated and awkward. For example, case sensitivity should not cause problems with the data in this day & age.

The majority of the TLR data points are not applicable to consumer real estate loans, which makes what should be simple responses much more complex. Many of the fields are not mandatory, and the finicky system makes it more difficult to provide that data than it’s worth for us to report. Our norm is to ignore the voluntary fields.

The process of uploading the TLR is remarkably time consuming for the amount of data passing back and forth. In our case, sending a test upload of 5 records or so took hours to get a response in the week before the

reports were due this year. We have had the same issue every year. That is simply unacceptable. Whether it is a matter of bandwidth or computing power, both are relatively inexpensive and easy to fix.

Our reason for beginning with test records is to see if we are conforming to the stringent guidelines for the data. In fact at that point in the process we got so punchy that it took a few tries. You can imagine how frustrating the wait is in between.

We continually also got errors on the CIIS site while trying to delete or edit uploaded records. No one at CIIS or CDFI was able to figure out why. The solution we stumbled upon was to upload the data again (without deleting bad data) – and by some happy miracle, it overwrote the bad data.

We have other applications where reporting is critical and consistency in data is required, and the way they have significantly reduced errors is by providing the checking mechanisms (that presumably are taking up the computing time now) in their template spreadsheet. That way everything is pre-qualified BEFORE it is uploaded. I suspect that it would be relatively easy to do something similar here – either written into the upload template, or some small proprietary program that can import from a template spreadsheet and export a valid unloadable file.

This is similar to the pre-screening that we are to do using the CDFI mapping program to validate addresses. Although, I will say that I did that and all of my addresses passed – but once they were uploaded – they did not. The help desk's response "Given that you are a CDFI, the system will allow you to Pre-Certify as long as you are within the 25% threshold associated with Address failed errors" got me through the problem but didn't make me feel more comfortable about the software.

So those are my three suggestions:

- 1) review the reporting instructions & process from a credit union perspective. Where possible, use the same terminology that is used on the NCUA call report or other industry standards.
- 2) Improve the upload process. Especially time (bandwidth/computing power), but also that the functions on the site work.
- 3) Consider some kind of pre-qualification of the data on local computers prior to the upload process. If we could know that the data was in the correct format before beginning to wrestle with the upload system, I think that would smooth out the process considerably.

It would be great if this system could be improved, and I am glad to see that you are soliciting comments and suggestions.

Sincerely,


Hank Hubbard
President/CEO

COMMUNICATING ARTS CREDIT UNION

PO Box 32584 Detroit, Michigan 48232 (313) 965-8640