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# Board Action Bulletin

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*Prepared by the Office of Public & Congressional Affairs*

## NCUA BOARD MEETING RESULTS FOR OCTOBER 25, 2007

### **FCU Bylaws incorporated into regulations**

The NCUA Board, by two-to-one vote, issued final rule §701.2 incorporating the Federal Credit Union Bylaws into agency regulations to clarify NCUA has the ability to use its full range of enforcement actions, when appropriate, to enforce the Bylaws.

For Bylaw violations that do not violate another regulation or pose a threat to safety and soundness, the FCU Act gives NCUA explicit authority for extreme actions such as liquidation or conservatorship. Therefore, the NCUA Board concluded it should reincorporate the Bylaws to give the agency clear authority to act if a bylaw violation threatens a fundamental, material credit union member right.

The final rule also includes a streamlined process for adopting bylaw amendments previously approved by another FCU, new provisions on director succession, and a revised introduction to the FCU Bylaws.

### **Interagency Fair and Accurate Credit Transaction Act rules**

#### ***Identity theft red flags and address discrepancies***

Staff presented a briefing on an interagency rule implementing identity theft red flag guidelines and addressing discrepancy provisions contained in the FACT Act.

The final rule, in Part 717, requires credit unions to develop and implement a written Identity Theft Prevention Program to detect, prevent, and mitigate identity theft in connection with new and existing accounts. The agencies issued guidelines to assist institutions develop and implement an ID theft program, and the guidelines include a supplement that identifies 26 examples of red flags.

The final rule also requires credit and debit card issuers to develop policies and procedures to assess the validity of a change of address request followed closely by a request for new or additional replacement cards. The effective date is January 1, 2008, and mandatory compliance is November 1, 2008.

### ***Affiliate marketing rule***

Staff presented a briefing on the final interagency rule implementing provisions governing an affiliate's use of information received from another affiliate for marketing purposes.

NCUA rule Part 717 stipulates a federal credit union may not use information received from an affiliate to solicit a consumer for marketing purposes unless the consumer is given notice and reasonable opportunity to opt out. The rule is effective on the first day of the calendar quarter beginning at least 30 days after publication of the final rules in the Federal Register, and mandatory compliance is October 1, 2008.

### **Quarterly share insurance fund report**

National Credit Union Administration Share Insurance Fund (NCUSIF) gross income was \$239.1 million, operating expenses were \$59.6 million, insurance losses were \$25.4 million, and net income was \$154.0 million during the first three quarters of 2007.

Nine credit unions failed through September 2007, and 218 credit unions are considered problem credit unions, down from 240 problem credit unions at year-end 2006.

With share growth through 2007 expected to be between 5.0 and 6.0 percent, the NCUSIF equity ratio is projected to end the year between 1.29 and 1.32 percent based on the level of loss experienced through year-end.

***Board votes are unanimous unless otherwise indicated***