
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETING RESULTS FOR APRIL 17, 2008

NCUSIF financial highlights

The National Credit Union Share Insurance Fund (NCUSIF) equity level increased to 1.31 percent in March based on insured shares of \$565.5 billion at December 31, 2007. The equity level is projected to be 1.29 percent at yearend 2008.

During the first three months of 2008, NCUSIF gross income was \$76.2 million, net income was \$61.3 million, operating expenses were \$18.8 million, and reserve requirements were reduced by \$3.8 million. The provision for loss reserve account totaled \$206.2 million at March 31, 2008.

Currently, 229 problem CAMEL code 4 and 5 credit unions hold 1.59 percent of total insured shares. One federally insured credit union failed during the first three months of 2008,

New low-income definition proposed

The NCUA Board issued a proposed rule change to Parts 701 & 705 to revise the definition of “low-income members” by using “median family income” to determine when a federal credit union qualifies for low-income designation and assistance from the Community Development Revolving Loan Fund.

The revised definition would eliminate confusion associated with the current requirement to adjust medium household income in metropolitan areas with higher costs of living. Additionally, the change would better align NCUA low-income designation criteria with criteria for adding an underserved area to an FCU field of membership and for certification as a community development financial institution (CDFI).

The proposal was issued with a 60-day comment period.

Insurance advertising revision recommended

The NCUA Board issued a proposed rule change to Part 740 to revise requirements by permitting federally insured credit unions to use one of three options in their advertisements:

1. The basic official insurance advertising statement – “This credit union is federally insured by the National Credit Union Administration”;
2. A shortened form – “Federally insured by NCUA” or;

3. The official insurance sign.



Currently, credit unions can only use the shortened form if they also include the official insurance sign. The proposal was issued with a 60-day comment period.

Proposed CUSO revisions would add services and expand scope

The NCUA Board issued proposed amendments to the credit union service organization (CUSO) rule Part 712 to clarify and enhance CUSO operations and address safety and soundness concerns.

Issued with a 60-day comment period, the proposal would add two new permissible CUSO activity categories (credit card loan origination and payroll processing services), broaden the reach of two service categories to include those eligible for credit union membership, and add new examples of permissible CUSO activities.

The proposal would impose new regulatory limits on credit unions' ability to recapitalize their CUSO in certain circumstances. Through a companion amendment to Part 741, the proposal would also expand the scope of the CUSO rule by extending certain provisions to federally insured, state-chartered credit unions to ensure that regulators have access to books and records and that CUSOs operate as separate entities. Additionally, the proposal clarifies that CUSOs may buy and sell participations in loans they are currently authorized to originate.

Freedom of Information Act revisions proposed

The NCUA Board issued proposed rule changes to Part 792 to update and clarify procedures for requesting access to agency records and other rights and requirements of the Freedom of Information Act (FOIA) and Privacy Act. The proposed rule incorporates recent FOIA amendments and adds definitions, revises terminology and clarifies provisions implementing the Privacy Act.

Proposed FOIA provisions address procedural issues concerning fee practices, proper submission of requests and time limits for completing requests.

Privacy Act provisions would clarify the procedures whereby individuals may obtain notification if an NCUA record contains information about the individual and may access or amend a record.

The proposal was issued with a 60-day comment period.

Board votes are unanimous unless otherwise indicated