
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETING RESULTS FOR APRIL 12, 2007

Merger compensation notice requirements proposed

The NCUA Board issued a proposed rule amending Part 708b to enhance transparency and ensure merger decisions are based on the best interests of members. The proposal would require federally insured credit unions filing merger plans with NCUA to include a description of merger related compensation arrangements that provide a material increase in compensation or other financial benefit for board members or senior management officials

In addition, the proposal requires federal credit unions disclose the existence of any compensation arrangements providing a material increase within ballot materials given to members before voting on a proposed merger. The amendment is designed to address circumstances when a prospective merger partner seeks to improperly influence merging credit union director deliberations. The proposal was issued with a 60-day comment period.

Member inspection of credit union records proposal issued

The NCUA Board issued proposed rule §701.3 to standardize and clarify member access to federal credit union records. The proposed rule would permit a group of approximately 1 percent of members, with a legitimate purpose and upon petition, to inspect and copy non-confidential portions of their credit union's books, records and minutes.

The rule would replace a series of NCUA legal opinions directing federal credit unions to look to state corporation law for member inspection rights. The proposal describes the types of records that are confidential and not subject to inspection; how the costs of locating, reviewing, and duplicating records would be apportioned between petitioners and the credit union; and how disputes over access would be resolved. The proposal was issued with a 60 day comment period.

NCUSIF first quarter 2007 equity ratio is 1.31 percent

The National Credit Union Share Insurance Fund (NCUSIF) equity ratio was 1.31 percent March 31, 2007, based on Fund equity less unreserved contingent liabilities divided by total insured shares.

NCUSIF reported the following revenue and expenses for the first quarter of 2007 -- \$77.9 million in gross income, \$59.5 million in net income, \$18.1 million in operating expenses, and

\$300,000 in insurance losses. Net income is projected to be \$207 million and insurance losses are projected to be \$24 million for the year.

Three credit unions failed during the first three months of 2007 – two assisted mergers and one liquidation. The number of problem CAMEL code 4/5 credit unions declined to 236 as of March 31, 2007.

Board votes are unanimous unless indicated