
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD ACTIONS TAKEN JUNE 26, 2003

Credit unions asked to identify outdated, unnecessary or overly burdensome regulations and statutory requirements

The NCUA Board initiated the first phase of its effort under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA), to reduce regulatory burden on credit unions by asking for comments to identify outdated, unnecessary, or unduly burdensome areas of regulations and statutory requirements pertaining to “applications and reporting” and “powers and activities.”

EGRPRA requires NCUA, and fellow financial regulators, to organize their regulations into categories, such as “*consumer regulations*,” then issue one or more of these categories for public review and comment at regular intervals within a ten-year cycle. The current publication cycle ends September 2006. NCUA, although it participated with the other financial regulators in an interagency working group to draft the notice, is issuing a separate notice that takes into account the uniqueness of credit unions.

This regulatory review requires that NCUA publish, in the *Federal Register*, a summary of the comments received, identifying issues raised and a discussion of those issues. NCUA must also “eliminate unnecessary regulations to the extent that such action is appropriate.”

The remaining eight categories of regulations will be issued within the next three years. Comments are due 90 days after the proposal appears in the *Federal Register*.

Proposed amendments simplify and clarify share insurance rules and provide parity with FDIC rules

The NCUA Board issued a proposal to update, simplify and clarify Part 745, the share insurance rules, and provide parity with the deposit insurance rules of the Federal Deposit Insurance Corporation.

Proposed amendments include:

- Clarify how revocable trust accounts are established and insured;
- Continue insurance coverage following the death of a member or after an insured credit union merger to allow members six months to restructure their accounts to maximize share insurance coverage; and

- Explain coverage on Coverdell Education Savings accounts, formerly Education IRAs.

Comments are due within 60 days after the proposal appears in the *Federal Register*.

Added flexibility proposed for loan participations

The NCUA Board issued a proposal designed to update and clarify certain definitions within the loan participation rule, Part 701.22, to conform to the CUSO rule and to add greater flexibility for credit unions to engage in loan participations.

The proposed rule updates the definition of “*credit union organization*” to conform to NCUA’s interpretation of the term in the credit union service organization rule.

Congress granted federal credit unions the ability to engage in loan participations in 1997 to enhance their ability to serve members’ loan demands. NCUA is proposing to expand the definition of “*financial organization*,” currently limited to “any federally chartered or federally insured financial institution,” to include state and federal government agencies. This would give FCUs greater flexibility in choosing appropriate participation partners.

Comments are due within 60 days after the proposal appears in the *Federal Register*.

Votes are unanimous unless otherwise indicated.