
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETS APRIL 15, 2004

Board hears quarterly NCUSIF briefing

The National Credit Union Share Insurance Fund (NCUSIF) 2003 financial statements received an unqualified audit opinion NCUA's Chief Financial Officer reported to the Board at the first quarter 2004 briefing on the condition of the Share Insurance Fund. In 2004, the first quarter ended with the NCUSIF equity ratio at 1.29 percent based on December 31, 2003, insured shares of \$478.5 billion.

NCUSIF gross income was \$30.3 million and total expenses were \$20.2 million during the first quarter of 2004, including \$872,095 added to the provision for loan losses to cover anticipated losses from three credit union failures that have occurred this year. With the \$.9 million added, NCUSIF reserves were \$79.9 million at March 31, 2004.

In April 2004, credit unions with share growth during the last six months of 2003 will submit \$96 million, representing the required semiannual one percent NCUSIF deposit adjustment. The Fund has returned \$46 million to credit unions that experienced insured share declines in the final six months of 2003.

Fixed asset amendments proposed

The NCUA Board issued proposed amendments to clarify and simplify Part 701, the rule governing federal credit union ownership of fixed assets, which includes the fixed asset investment limit of 5 percent of shares and retained earnings. The substantive proposed changes would (1) eliminate investments in any entity that holds fixed assets used by the FCU from the fixed asset investment limit calculation and (2) establish a time frame for submitting waiver requests for partial occupation of realty acquired for future expansion.

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

Expanded CDRLP participation proposed

The NCUA Board issued a proposed change to Part 705 that would permit student credit unions to participate in the Community Development Revolving Loan Program for Credit Unions (CDRLP).

CDRLP low interest loans and technical assistance grants often aid low-income designated credit unions to stimulate economic development and revitalization activities within their communities.

Student credit unions provide their members with valuable, frequently unavailable financial service and a unique opportunity for financial education. The NCUA Board believes that well-run student credit unions could benefit from participation in the CDRLP and thereby be better equipped to serve their communities.

The proposal was issued with a 30-day comment period.

Board votes are unanimous unless indicated.