
Board Action Bulletin



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NCUA BOARD MEETING RESULTS FOR MARCH 19, 2009



RegFlex adds more flexibility

The NCUA Board approved a final rule change to Part 742, Regulatory Flexibility Program, (RegFlex) providing additional flexibility to qualifying federal credit unions (FCUs) when acquiring unimproved land for future expansion.

Currently, when an FCU acquires unimproved land for future expansion, it must partially occupy the completed premises within three years or obtain a waiver. The amendment increases the three years to six years for RegFlex FCUs without a waiver. NCUA also is making conforming amendments to its fixed asset rule to be consistent with RegFlex changes.

The final rule is effective 30 days after publication in the *Federal Register*.

Reporting requirement and record retention proposal issued

The NCUA Board issued a proposed rule change to Parts 741, 748, and 749 to revise credit union reporting requirements and record retention guidelines in order to implement NCUA's new, web-based data reporting system for credit unions.

NCUA is developing a secure, web-based system to allow federally insured credit unions to electronically submit financial reports, report of officials, and other information online. Implementation of the new system is projected for September 2009 for natural person credit unions and 2010 for corporate credit unions.

The new system will modernize the way insured credit unions submit reports and other important information, and it will make reporting more efficient and cost effective. Also, information accuracy will be enhanced by providing a means for updating data outside the financial reporting cycle.

The proposal also includes provisions that provide alternative reporting methods for credit unions unable to submit online reports. Comments are due within 60 days of publication in the *Federal Register*.

Truth in Savings proposal issued

The NCUA Board issued a proposed change to Part 707, Truth in Savings, designed to modify provisions and provide guidance on electronic delivery of disclosures.

NCUA is proposing to amend the rule and the official staff commentary to require all credit unions to disclose aggregate overdraft fees for the period and year-to-date on periodic statements. Currently, the year-to-date disclosure requirement only applies to credit unions that promote the payment of overdrafts. The proposed rule also addresses balance disclosures credit unions provide to members through automated systems.

Required by the Truth in Savings Act (TISA), the amendment will align NCUA's TISA rule and official staff interpretation with the Federal Reserve Board's Regulation DD. The proposal was issued with a 60-day comment period.

NCUSIF status report

NCUSIF year-to-date revenue and expense included investment income of \$32.0 million, accrued recapitalization and premium income of \$4.8 billion, operating expense of \$12.7 million, and loss on investment - corporate- of \$1 billion. Net income through February was \$146.9 million.

With insurance loss expense of \$3.7 billion, recoveries of \$108.1 million, and charges of \$10.4 million through February, the NCUSIF reserve balance was \$3.98 billion February 28, 2009.

Based on year-end 2008 insured shares of \$611 billion, the NCUSIF equity ratio was 1.28 percent as of February 28, 2009. Three federally insured credit unions failed through February – 1 liquidation and 2 assisted mergers -- at a cost of \$7.6 million.

There were 269 problem code credit unions at February 28, 2009, with shares representing 2.86 percent of total insured shares -- 60 percent have less than \$10 million in assets and 2 percent have more than \$1 billion in assets.

Board votes are unanimous unless otherwise indicated