
Board Action Bulletin



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NCUA BOARD MEETING RESULTS FOR OCTOBER 22, 2009



Final rule conforms to temporary insurance extension

The NCUA Board finalized interim rules, issued October 2008, that address revocable trust accounts, mortgage servicing accounts, and NCUA's official insurance sign. The final rule complies with Congress's mandate to extend to December 31, 2013, the temporary increase in standard maximum share insurance from \$100,000 to \$250,000.

Rule approval regarding Part 740 and Part 745 maintains NCUA share insurance protection on par with the Federal Deposit Insurance Corporation's deposit insurance coverage.

National Credit Union Share Insurance Fund report

September 31, 2009, the NCUSIF reserve balance was \$520.8 million for natural person credit unions, and the Temporary Corporate Credit Union Stabilization Fund reserve balance was \$5.33 billion.

NCUSIF year-to-date revenue and expense includes investment income of \$144.5 million, projected premium income of \$800 million, operating expense of \$98.3 million, and insurance loss expense of \$356.6 million. Through September 30, 2009, NCUSIF net income was \$517.3 million.

The NCUSIF equity ratio is 1.30 percent and assumes the collection of a .1027 premium, or \$800 million, approved at the September 2009 Board meeting.

Twenty-one federally insured credit unions failed through September at a cost of \$94.6 million -- 11 were involuntary liquidations (7 became purchase and assumptions) and 10 were assisted mergers.

There were 326 problem code credit unions September 30, 2009, with shares of \$36.5 billion representing 5.13 percent of total insured shares. In comparison, there were 271 problem code credit unions with total shares of \$16.3 billion representing 2.70 percent of total shares at year-end 2008.

Kansas credit unions exempt from NCUA CUSO rule

The NCUA Board approved the Kansas State Supervisory Authority (SSA) request to exempt state-chartered, federally insured credit unions from NCUA rules regarding access to credit union service organization (CUSO) books and records.

Under terms of this first exemption to the CUSO rule, NCUA examiners have co-extensive authority with Kansas state regulators and unfettered access to CUSO books and records if NCUA determines it necessary. Kansas examiners use and complete NCUA's Automated Integrated Regulatory Examination System (AIRES) CUSO controls checklist, with some modifications, when examining state-chartered credit unions with CUSO investments or loans. The CUSO checklist is shared with NCUA when the completed examination is transmitted to NCUA.

Kansas state-chartered credit unions must provide Kansas SSA examiners with access to all CUSO books and records, including an annual opinion audit, financial statements, and any changes in the CUSO's organizational structure since the last examination.

Credit union conversion approved

The National Credit Union Administration Board today approved the request by US #1364 Federal Credit Union, located in Merrillville, Indiana, to convert its field of membership from a multiple group to a community-based charter. The conversion enables the credit union to serve those who live, work, worship, attend school, and businesses and other legal entities located in Lake or Porter Counties in Indiana, a well-defined local community.

The NCUA Board also announced its intention to consider revisions, within the next few months, to streamline and add uniformity to the charter conversion and field of membership expansion process.

Board votes are unanimous unless otherwise indicated