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# Board Action Bulletin

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*Prepared by the Office of Public & Congressional Affairs*

## NCUA BOARD MEETING RESULTS FOR DECEMBER 17, 2009

### **Chartering policy revisions recommended**

The NCUA Board issued a proposed amendment to NCUA Rules and Regulations Part 701 to revise the *Chartering and Field of Membership Manual*, IRPS 09-01. The revisions to the agency's community chartering policies define what constitutes a local community based on objective, quantifiable criteria. The revisions also define the term "rural district." In addition, IRPS 09-1 clarifies NCUA's marketing plan requirements for credit unions converting to or expanding their community charters, and it defines the term "in danger of insolvency" for emergency merger purposes.

The proposal was issued with a 60-day comment period. Between today and the effective date of the final rule, NCUA will accept community charter applications based only on single political jurisdictions and other areas NCUA previously determined are local communities. NCUA will accept all community charter applications based on any permitted criteria after the final rule becomes effective.

### **NCUA grants exception to second mortgage maturity limits**

The NCUA Board finalized interim rule Section 701.21, Exception to the Maturity Limit on Second Mortgages, which was effective June 24, 2009. The rule provides an extension to the 20-year maturity limit on second mortgage loans. It grants a limited exception permitting federal credit unions participating in the Department of the Treasury's "Making Home Affordable Program" to modify a second mortgage loan, beyond 20 years, to match the term of a modified first mortgage loan.

### **National Credit Union Share Insurance Fund report**

On November 30, 2009, the NCUSIF reserve balance was \$688.8 million for natural person credit unions, up from the 2008 year-end NCUSIF reserve balance of \$278.3 million. The Temporary Corporate Credit Union Stabilization Fund reserve balance was \$5.33 billion at November 30, 2009.

Federally insured credit unions have been billed \$949 million to accommodate the biannual 1 percent capital deposit adjustment, \$719 million for the 0.1027 percent NCUSIF premium assessment, and \$333 million for the 0.0473 percent Temporary Corporate Credit Union Stabilization Fund premium assessment. The estimated year-end equity ratio of 1.27 percent reflects the premium and deposit adjustments.

NCUSIF year-to-date revenue and expense includes investment income of \$173.5 million, projected premium income of \$718.5 million, operating expense of \$121.2 million, and insurance loss expense of \$546.7 million. Through November 30, 2009, NCUSIF net income was \$259.4 million.

Twenty-four federally insured credit unions failed through October at a cost of \$110.6 million -- 14 involuntary liquidations (8 became purchase and assumptions) and 10 assisted mergers.

There were 328 problem code credit unions at November 30, with shares of \$40.1 billion representing 5.63 percent of total insured shares. In comparison, 271 problem code credit unions held shares of \$16.3 billion representing 2.70 of total shares at year-end 2008.

Currently, there are 1,629 code 3 credit unions, an increase of 95 from year-end 2008. These institutions represent \$94.3 billion, or 13.22 percent of total shares. In addition to diligently working to resolve the problems of code 4 and 5 credit unions, NCUA is closely tracking code 3 credit unions and striving to sustain these institutions at safe operating levels.

***Board votes are unanimous unless otherwise indicated. Details of Board meeting items are online at <http://www.ncua.gov/about/BoardActions/Pages/DraftBoard.aspx>.***