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# Board Action Bulletin

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*Prepared by the Office of Public & Congressional Affairs*

## NCUA BOARD MEETING RESULTS FOR JANUARY 29, 2010

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

NCUA's Chief Financial Officer reported \$78.4 million was added to NCUSIF reserves in December. The Fund's reserve balance totaled \$758.7 million for natural person credit unions at year-end 2009. NCUSIF reserves totaled \$278.3 million at year-end 2008. The Temporary Corporate Credit Union Stabilization Fund (TCCUSF) reserve balance was \$5.33 billion December 31, 2009.

Year 2009 ended with an NCUSIF equity ratio of 1.24 percent, somewhat lower than projected, based on higher than expected share growth in the nation's federally insured credit unions and a higher than expected addition to loan loss reserves near year-end.

NCUSIF 2009 revenue and expense includes investment income of \$188.8 million, premium income of \$727.5 million, operating expense of \$133.3 million, and insurance loss expense of \$615.1 million. Through December 31, 2009, NCUSIF net income was \$191.2 million.

Twenty-eight federally insured credit unions failed during 2009 with charges to reserves of \$124.4 million -- 16 involuntary liquidations (10 became purchase and assumptions) and 12 assisted mergers.

With a net increase of 80 institutions during 2009, there were 351 problem code credit unions at year-end 2009, with shares of \$41.6 billion representing 5.82 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.

Posing additional concern to NCUA, currently there are 1,668 code 3 credit unions, an increase of 134 from year-end 2008. These institutions represent \$98.6 billion, or 13.67 percent of total insured shares. Currently, nearly 20 percent of insured shares are held in troubled or stressed credit unions.

Chairman Debbie Matz emphasized that NCUA is diligently working to resolve the problems of code 4 and 5 credit unions and closely tracking code 3 credit unions. Striving to sustain and return these institutions to safe operating levels, supervision is being stepped-up to stem the tide of increased problems. NCUA examiners will be onsite to assist credit unions with signs of stress.

## **Redundant credit card rule amended**

The NCUA Board withdrew the portion of the Unfair or Deceptive Acts or Practices (UDAP) rule, Part 706, created to prohibit unfair and deceptive acts and practices related to consumer credit cards to prevent unnecessary confusion for credit union regulatory compliance. Set to become effective in July 2010, the UDAP rule duplicates, overlaps, and in some provisions conflicts with the more recent Credit CARD Act of 2009 and new Regulation Z provisions, which become effective February 22, 2010.

Essentially, the Credit CARD Act of 2009 and new Regulation Z provisions limit and place requirements on the same credit card practices that were the focus of the UDAP Rule, including: limiting the ability of credit card issuers to raise interest rates, limiting fees on subprime credit cards, providing for fair allocation of payments and limiting late fees.

Under the Truth in Lending Act and Regulation Z, NCUA has enforcement authority for federal credit unions, and the Federal Trade Commission has authority for state-chartered credit unions.

Complying with an Office of Federal Register request, the withdrawal is effective July 1, 2010, the original effective date of the UDAP rule.

*Board votes are unanimous unless otherwise indicated. NCUA rule changes are posted online at [www.ncua.gov](http://www.ncua.gov) under Resources/Regulations, Legal Opinions and Laws.*