
Board Action Bulletin



PREPARED BY THE OFFICE OF PUBLIC AND CONGRESSIONAL AFFAIRS

NCUA BOARD MEETING RESULTS FOR MARCH 14, 2013

Streamlined Fixed Assets Rule Proposed

NCUA Board Also Approves Community Charter for Cinfed Federal Credit Union

ALEXANDRIA, Va. (March 14, 2013) – The National Credit Union Administration (NCUA) Board convened its third scheduled open meeting of 2013 at the agency’s headquarters here today. Board members unanimously approved two items:

- A proposed rule to streamline NCUA’s fixed assets regulation to make the rule easier for credit unions to understand.
- A community charter conversion application for Cinfed Federal Credit Union (Cinfed) to expand and serve nearly 1.2 million residents in the Cincinnati, Ohio, area.

Fixed Assets Rule Clarified as Part of Regulatory Modernization Initiative

NCUA’s current fixed assets rule (Section 701.36) allows federal credit unions to purchase, hold and dispose of property necessary or incidental to their operations. These fixed assets include office buildings, branch facilities, furniture, computer hardware and software, and ATMs.

Credit unions should find it easier to follow NCUA’s fixed assets regulation under a proposed rule approved by the Board. The proposed rule does not make substantive changes to the regulation or impose new requirements for fixed assets.

“At NCUA, we continually review our rules to find ways to make them clearer and easier to understand,” NCUA Board Chairman Debbie Matz said. “The latest product of my Regulatory Modernization Initiative is the proposed rule on fixed assets, which Board Member Fryzel suggested we clarify. By reorganizing the rule, adding definitions and using the principles of plain writing, we’re making it easier for credit unions to follow the rule.”

In keeping with the Plain Writing Act of 2010, the proposed rule revises the regulation for clarity and readability, including:

- Amending regulatory text using plain language;
- Adding an introduction to define the scope and application of the regulation; and
- Clarifying the processes for obtaining regulatory waivers.

The proposed rule also reorganizes existing definitions and adds new definitions for the terms “partially occupy” and “unimproved land or unimproved property.” The changes will help clarify a potentially confusing aspect of the current regulation.

The Board issued the proposed rule with a 60-day comment period, once published in the *Federal Register*.

With Community Charter, Cinfed Diversifies Field of Membership

The Board approved the conversion of Cinfed, headquartered in Cincinnati, Ohio, from a multiple common-bond charter to a community charter, giving the credit union a potential field of membership of 1,171,241, according to the 2010 U.S. Census.

“Cinfed is seeking a community charter for all the right reasons,” Matz said. “The conversion will allow the credit union to diversify membership, grow earnings and strengthen safety and soundness. Cinfed also has plans to reach the Latino community and to provide affordable financial services for the underserved, like full-service checking with only a \$5 deposit, credit rebuilder loans, and rate reductions for members once they establish payment history.”

The credit union’s field of membership will now cover Boone, Campbell and Kenton counties in Kentucky and Hamilton County in Ohio. The four counties are part of the Cincinnati-Middletown Metropolitan Statistical Area.

Originally chartered in 1934, Cinfed currently has 29,791 members and assets of \$312.9 million. The credit union had a very high penetration rate of 74.5 percent in its former field of membership.

NCUA Board approval is required for community charters to serve a population of more than 1 million potential members.

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