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# Board Action Bulletin

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PREPARED BY THE OFFICE OF PUBLIC AND CONGRESSIONAL AFFAIRS

## NCUA BOARD MEETING RESULTS FOR MAY 22, 2014

### **Stabilization Fund's Net Position Improves**

#### ***NCUA Board Opens New Regulatory Review, Approves Two Underserved Areas***

**ALEXANDRIA, Va. (May 22, 2014)** – The National Credit Union Administration Board convened its fifth scheduled open meeting of 2014 at the agency's headquarters here today. The Board unanimously approved two items:

- A notice of regulatory review under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to identify rules needing modification, simplification or repeal.
- An application from AERO Federal Credit Union of Glendale, Ariz., to serve underserved portions of Maricopa County, Ariz., and Bernalillo County, N.M.

The Chief Financial Officer also briefed the Board on the performance of the Temporary Corporate Credit Union Stabilization Fund, which had an improved net position in the first quarter of 2014.

#### ***Net Position of Stabilization Fund Improves by More than \$100 Million***

NCUA's Chief Financial Officer reported on the Stabilization Fund's operations, based on preliminary and unaudited information.

In the first quarter of 2014, the net position of the Stabilization Fund improved by \$101.8 million from a \$142.2 million deficit on Dec. 31, 2013, to a \$40.4 million deficit on March 31, 2014. The improvement in the net position primarily resulted from improvements in projected cash flows relating to legacy assets in the NCUA Guaranteed Notes program.

"The continual improvement of the Stabilization Fund is the product of many factors," NCUA Board Chairman Debbie Matz said. "The anticipated cash flows from the legacy assets are growing along with the economy, and NCUA's ongoing efforts to hold Wall Street firms accountable for sales of faulty securities have resulted in recoveries that have strengthened the Stabilization Fund's net position. We will continue to keep a very close watch, and I remain hopeful we will not need to charge any more assessments in the future."

The Board announced in November 2013 there is no planned Stabilization Fund assessment for 2014. The Stabilization Fund had \$101.8 million in net income during the first quarter, and \$2.9 billion in outstanding borrowings with the U.S. Treasury on March 31, 2014. All obligations are scheduled to be repaid before the Stabilization Fund expires in June 2021.

### **NCUA Begins Comprehensive Regulatory Review Process**

NCUA regulations, already subject to the agency's self-imposed three-year rolling review, will also be reviewed under the Economic Growth and Regulatory Paperwork Reduction Act with the Board's approval of a Notice and Request for Comment.

The law requires the Federal Financial Institutions Examination Council and its member federal banking agencies to review their regulations at least once every 10 years to identify any rules that might be outdated, ineffective, unnecessary, insufficient or excessively burdensome. NCUA is not required to participate, but the agency has elected to do so.

"This interagency review aligns perfectly with NCUA's ongoing Regulatory Modernization Initiative," Matz said. "Under my initiative and President Obama's Executive Order 13579, we are committed to regular retrospective analysis of our rules with an eye towards streamlining, modernizing or even repealing regulations when appropriate. We are eager to hear new ideas about changing existing rules, and we'll consider every recommendation to improve them."

Matz said that, in addition to taking written comments, NCUA will host three Listening Sessions this summer where stakeholders will have an opportunity to discuss their ideas.

Under the interagency review, each agency will publish several categories of rules for public comment at regular intervals over the next two years. The categories are: Agency Programs, Applications and Reporting, Capital, Consumer Protection, Corporate Credit Unions, Directors, Officers and Employees, Money Laundering, Powers and Activities, Rules of Procedure and Safety and Soundness. Thirty-three NCUA regulations in the Applications and Reporting and Powers and Activities categories will be the first reviewed.

Comments made under the notice, available online [here](#), must be received within 90 days of publication in the *Federal Register*.

### **AERO Federal Credit Union to Expand into Two Underserved Areas**

More than 2 million people living in underserved communities in and around Phoenix, Ariz., and Albuquerque, N.M., are now potential members of AERO Federal Credit Union after the NCUA Board approved an expansion of the credit union's field of membership.

The new areas AERO will serve comprise 413 census tracts in Maricopa County, Ariz., and 81 census tracts in Bernalillo County, N.M., including portions of seven Native American reservations that have virtually no financial services. Headquartered in Glendale, Ariz., and chartered in 1958, AERO is a multiple common-bond credit union. AERO had 15,802 members and \$214.7 million in assets, according to its most recent Call Report.

The underserved portions of Maricopa County AERO plans to serve have a population of more than 1 million, which requires NCUA Board approval for expansion.

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