
Board Action Bulletin



PREPARED BY THE OFFICE OF PUBLIC AND CONGRESSIONAL AFFAIRS

NCUA BOARD MEETING RESULTS FOR DEC. 11, 2014

NCUA Board Reduces Regulatory Burdens and Stabilization Fund Oversight Budget

Chairman Matz to Create Working Groups on Membership, Secondary Capital

ALEXANDRIA, Va. (Dec. 11, 2014) – The National Credit Union Administration Board convened its eleventh scheduled open meeting of 2014 at the agency’s headquarters here today. The Board unanimously approved three items:

- A Notice and Request for Comment under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to identify rules for possible modification, simplification or repeal.
- A final rule to assist underwater homeowners by allowing federally insured credit unions to refinance or modify real estate loans without obtaining an additional appraisal.
- An 8.9 percent reduction in the Temporary Corporate Credit Union Stabilization Fund oversight budget for 2015.

Agency Working Groups to Consult with Industry Representatives

NCUA Board Chairman Debbie Matz announced she will set up agency working groups on issues relating to field of membership and secondary capital. Those groups will consult with credit union representatives as part of the agency’s ongoing Regulatory Modernization Initiative.

The Chairman made the announcement as the NCUA Board approved a new Notice and Request for Comment under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). Matz said the agency working groups would review stakeholders’ suggestions from the first Notice, which was published in June 2014.

“NCUA is committed to streamlining, updating and, where appropriate, eliminating regulations,” Matz said. “We’re also committed to listening to ideas from stakeholders about how to improve those regulations we have authority to change, as long as safety and soundness isn’t compromised.

“NCUA is not required to perform the regulatory review under EGRPRA, but we do that voluntarily, as it aligns perfectly with my Regulatory Modernization Initiative. The review process has generated useful comments from the credit union system, and we are taking action to address those issues, including setting up these two working groups.”

Matz said NCUA's Office of Consumer Protection will lead the field-of-membership working group that will consider suggestions for enhancing federal charters and consult with representatives from federal credit unions. The group intends to identify obstacles facing federal credit unions seeking to expand their fields of membership, and evaluate rule changes the Board could consider to ensure the federal charter remains competitive while complying with the Credit Union Membership Access Act.

The Office of Small Credit Union Initiatives will lead the secondary capital working group that will consider ideas for raising the value of secondary capital for low-income credit unions. That working group will consult with representatives from low-income credit unions, both federally and state-chartered. Secondary capital investors will also be consulted as the working group identifies which investment models are likely to be most successful in the marketplace.

Matz also said the agency has received a variety of comments on member business lending and will consider those ideas as work proceeds on the modernization of that rule in 2015.

This second Notice will open 17 rules for comment in three regulatory categories: agency programs, capital and consumer protection. To eliminate unnecessary burdens and outdated rules, EGRPRA calls for federal banking agencies and the Federal Financial Institutions Examination Council to conduct reviews of their regulations every 10 years.

"Over the next three months, we are eager to hear new ideas about the rules that are being opened for comment today," Matz said, "and we will consider every one of them."

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

Final Appraisal Rule Helps Homeowners by Reducing Regulation

Credit unions and homeowners who are underwater in their mortgages through no fault of their own will obtain a measure of relief in the final rule on appraisals (Parts 701 and 722) approved by the Board.

The final rule, part of the agency's Regulatory Modernization Initiative, will encourage federally insured credit unions to modify or refinance real estate loans they hold in areas where home prices have declined. A federally insured credit union could modify or refinance a real estate loan without a new appraisal if new monies are not being advanced or if there is a new advance with adequate collateral protection.

"This new appraisal exemption for loan modifications and refinancing will provide relief to borrowers who are underwater in their mortgages through no fault of their own," Matz said. "We want to keep members in their homes. We want to cut unnecessary paperwork, and we want to encourage credit unions to modify or refinance mortgages in markets where home values have fallen. This final rule does exactly that."

The rule will also eliminate a duplicative requirement that federal credit unions provide members copies of appraisals for loans secured by a first lien on a dwelling. The Consumer Financial Protection Bureau has a regulation to that effect, making an NCUA provision unnecessary.

The final rule, available online [here](#), will become effective 30 days after publication in the *Federal Register*.

2015 Stabilization Fund Oversight Budget Declines 8.9 Percent

The Board approved a proposed \$4,121,519 budget for the Temporary Corporate Credit Union Stabilization Fund for 2015.

The 2015 budget is 8.9 percent less than the 2014 budget, with no change in staffing. Funded from the Stabilization Fund, the oversight budget has no impact on the agency's 2015 Operating Fund budget, which the Board approved in November.

“The Stabilization Fund has saved credit unions more than \$40 billion in potential losses since 2009,” Matz said. “Now, the Stabilization Fund oversight budget is decreasing for the right reasons. We’re becoming more reliant on the expertise of our staff and less on contractors, leading to a 14 percent reduction in the contracting budget. We are managing more than \$22 billion in complex securities and legacy assets with just five full-time employees, yet we have reduced administrative costs by 63 percent.”

Matz added the Stabilization Fund has an unbroken record of clean audits.

The Stabilization Fund oversight budget finances activities of the NCUA Guaranteed Notes Securities Management and Oversight Committee. The budget also covers expenses incurred by other NCUA offices in support of the Corporate Resolution Plan. Those costs include retaining services of external valuation experts, tax consultants, financial specialists, attorneys and accountants.

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