

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: March 20, 2009

FROM: Tawana Y. James, Director
Office of Small Credit Union Initiatives

SUBJ: Proposed Re-delegation
of Authority

ACTION REQUESTED: Board approval to revise the Delegations of Authority to:

1. Re-delegate authority to approve disapprove, or revoke new charters; and
2. Add delegation authority to enter into a Letter of Understanding and Agreement.

DATE ACTION REQUESTED: April 21, 2009

OTHER OFFICES CONSULTED: All Regional Directors, Office of General Counsel, Office of Examination and Insurance.

VIEWS OF OTHER OFFICES CONSULTED: Generally Concurred with Comments.

BUDGET IMPACT, IF ANY: None

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Not applicable; requested action does not involve a proposed regulation relating to agency programs and operations.

RESPONSIBLE STAFF MEMBER: Director Tawana Y. James, Office of Small Credit Union Initiatives

SUMMARY: On November 20, 2008, the NCUA Board approved the centralization of the "Chartering Program" by transferring the process to charter a new federal credit union from the regions to the Office of Small Credit Union Initiatives (OSCUI). OSCUI assumes the responsibility for the new chartering program effective April 1, 2009. Several Delegations of Authorities need to be updated to reflect this new responsibility. There is no direct impact to the budget associated with revising the Delegation. Budget impact related to centralizing the chartering function was approved in the agency's 2009/2010 budget. We are requesting that the NCUA Board approve the needed updates to:

1. Re-delegate authority to approve and disapprove new charters;
2. Require OSCUI's concurrence to revoke a new charter, and
3. Add delegation authority to enter into a Letter of Understanding and Agreement.

Add Delegation for New Charter Approvals or Disapprovals

This proposal is to re-delegate the approval or disapproval authority for new federal charter applications from the Regional Directors to the Director of OSCUI. Currently, the Regions are provided this delegated authority under several sections of the delegations: CHA 1A, CHA 1B, CHA 2, CHA 3A, CHA 3B, CHA 3C, CHA 3D, and CHA 3F.

Remove Delegations for New Charter Approvals or Disapprovals

There are eight delegations that correspond with the Regions delegated authority to approve or disapprove new charter applications. We request the delegations be revised to remove reference to the Regional Director approving/disapproving new federal charter applications.

Require Concurrence to Revoke a New Charter

Delegation CHA7 delegates to the Regional Directors the authority to revoke a new credit union's charter if it fails to commence operations within the time frame specified in the Federal Credit Union Bylaws. The delegation will retain the same wording, but the authority will require concurrence from the Director of OSCUI.

Add Authority to Enter into a Letter of Understanding and Agreement

NCUA's Chartering and FOM Manual requires that prospective officials adhere to provisions in a Letter of Understanding and Agreement setting operational guidelines for the newly chartered credit union. Currently, only the Regional Directors; President, AMAC; and Director, Office of Corporate Credit Unions have the authority to enter into Letters of Understanding and Agreements. We are requesting Delegation SUP 16 be revised to provide the Director of OSCUI with authority to enter into Letters of Understanding and Agreement.

Summary

In summary, the housekeeping updates to the proposed delegations will re-delegate authority and provide OSCUI with flexibility to refine the chartering process as the national chartering program evolves with the goal of meeting the agency objectives and reducing the regulatory burden on proposed charters.

RECOMMENDED ACTION: Recommend the Board approves the proposed revisions to the Delegations of Authority.

ATTACHMENT: Proposed changes to the Delegations of Authority.