
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETING RESULTS FOR APRIL 20, 2006

2006 NCUSIF first quarter financial highlights

NCUA Chief Financial Officer Dennis Winans reported to the Board that independent auditor Deloitte & Touche LLP has issued a clean opinion on 2005 financial statements of NCUA's four individual funds – NCUA Operating Fund, National Credit Union Share Insurance Fund, Central Liquidity Facility, and Community Development Revolving Loan Fund.

Reporting on first quarter 2006 activity, Mr. Winans said that on March 31, 2006, National Credit Union Share Insurance Fund gross income was \$56.8 million, operating expense was \$18.8 million, insurance loss was \$315,000, and net income was \$37.7 million.

NCUSIF investments in government securities decreased by \$50.7 million in March primarily due to a refund of \$77.7 million paid to credit unions with declining insured shares between January 1 and December 31, 2005. The refund is offset by 1 percent deposit adjustments being submitted by credit unions with insured share increases in 2005.

During March, the NCUSIF equity ratio increased to 1.30 percent due to an increase in contributed capital. The equity ratio is based on insured shares of \$514.9 billion.

The number of problem code credit unions declined from 280 at yearend 2005 to 269 at March 31, 2006. Through March, four credit unions failed in 2006 – two were merged with assistance and two were involuntary liquidations. One involuntary liquidation was a purchase and assumption. The provision for loss reserve account is currently \$71.8 million.

Overdraft disclosure rule finalized

The NCUA Board approved final rule Part 707 requiring credit unions that offer “bounced-check protection” or “courtesy overdraft protection” to disclose fees associated with overdraft protection when an account is opened, on periodic statements and in advertisements that promote the service.

Credit unions that promote overdraft payment protection must disclose fees imposed on periodic statements for both the statement period and calendar year to date.

Final rule Part 707 is required by the Truth in Savings Act to ensure that adequate, uniform information is provided when members overdraw share accounts. While the rule became effective

as an interim final rule December 8, 2005, the mandatory compliance date is amended to October 1, 2006, to allow necessary time for system modifications.

Updated Federal Credit Union Bylaws approved

The NCUA Board approved final revisions that update, clarify and simplify the Federal Credit Union (FCU) Bylaws. Changes eliminate unnecessary provisions and increase the readability of the Bylaws by adding staff commentary on frequently-asked questions, new section headings and increased use of plain English. FCUs that previously adopted Bylaws may adopt the new Bylaws, in whole or in part, or may retain their current Bylaws.

The new FCU Bylaws provide maximum flexibility for federal credit unions and their boards of directors and preserve the rights of credit union members to be informed of and participate in the governance of their credit union. As standard procedure guidance, the FCU Bylaws ensure that all federal credit unions essentially use the same rules to govern themselves.

Board votes are unanimous unless indicated