

---

# Board Action Bulletin

---



*Prepared by the Office of Public & Congressional Affairs*

## **NCUA BOARD ACTIONS TAKEN DECEMBER 18, 2003**

### ***NCUA considers charter modifications***

#### ***Conversion requests***

The NCUA Board approved the request of \$228 million **W.C.T.A. Federal Credit Union**, Sodus, N.Y., to convert from a multiple common bond charter to a community charter to serve the people who live, work, worship, attend school and businesses and other legal entities in the New York counties of Monroe, Ontario and Wayne.

The NCUA Board approved the request of \$225 million **Park Federal Credit Union**, Louisville, Ky., to convert from a multiple-group to a community charter to serve Jefferson, Bullitt, Spencer, Shelby, Oldham, Henry and Trimble Counties in Kentucky, and Clark and Floyd Counties in Indiana.

The NCUA Board approved the request of \$182 million **University Federal Credit Union**, Birmingham, Ala., to convert from a multiple-group to a community charter able to serve Bibb, Blount, Chilton, Jefferson, Shelby, St. Clair, or Walker Counties in Alabama.

#### ***Community charter expansion***

The NCUA Board approved an application from \$394 million **Paragon Federal Credit Union**, Township of Washington, N.J., to expand its community charter to serve the people who live, work, worship, volunteer, attend school and businesses and other legal entities in Bergen County and Passaic County, N.J.

### ***NCUA joins fellow regulatory agencies in seeking comment on improving consumer privacy notices.***

The NCUA Board joined fellow federal agencies in approving an advance notice of proposed rulemaking (ANPR) requesting comments on the format, elements and language of privacy notices financial institutions are required to provide consumers under the *Gramm-Leach-Bliley Act*.

Comments are being sought on whether the agencies should amend current regulations and how notices can be made easier to understand, more accessible, readable and useful. With a 90-day comment period, the ANPR encourages commenters to provide alternative sample privacy notices.

## ***Share Insurance rule revised***

The NCUA Board approved revisions to share insurance regulation Part 745 to simplify, clarify and provide parity with the deposit insurance rules of the Federal Deposit Insurance Corporation.

Final rule amendments include:

- Provide a six-month grace period continuing insurance coverage following the death of a member;
- Provide a six-month grace period continuing separate insurance coverage following the merger of insured credit unions;
- Clarify that the interests of non-qualifying beneficiaries of a revocable trust account are treated as individually owned funds of the owner even when the owner has not opened an individual account; and
- Clarify that Coverdell Education Savings Accounts, formerly Education IRAs, have insurance coverage.

## ***NCUA adopts final loan participation revisions***

The NCUA Board approved final revisions to the Section 701.22 loan participation rule to update and clarify the definition of *credit union organization* to conform to NCUA's interpretation of that term in the CUSO rule. The final revisions also expand the definition of *financial organization* to provide federal credit unions with greater flexibility in choosing loan participation partners.

## ***Share Insurance Fund operating level set for 2004***

The NCUA Board set the Share Insurance Fund operating level at 1.3 percent for 2004 based on the well-capitalized position of credit unions, the low number of CAMEL code 4 and 5 credit unions and the well reserved position of the NCUSIF.

The NCUSIF and insured credit unions have experienced an extended period of minimal losses. While the number of CAMEL code 4 and 5 credit unions remains little changed at 213, the number of credit union failures declined in 2003. Through November, 10 credit unions had failed costing approximately \$6.7 million, well below the 2002 figures of 16 credit union failures costing \$16.3 million.

The *Credit Union Membership Access Act of 1998* mandates the NCUA Board set the normal operating level of the NCUSIF between 1.2 and 1.5 percent. The normal operating level is defined as the ratio of fund equity less unreserved contingent liabilities divided by the aggregate amount of insured shares.

**Votes are unanimous unless otherwise indicated.**