

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: February 23, 2011

FROM: Office of General Counsel

SUBJ: Proposed Rule – Net Worth and Equity Ratio

ACTION REQUESTED: Board issuance of the attached proposed rule with a 60-day comment period.

DATE ACTION REQUESTED: March 17, 2011.

OTHER OFFICES CONSULTED: Executive Director, Office of Examination and Insurance, and All Regional Directors.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Justin M. Anderson, Staff Attorney, Office of General Counsel.

SUMMARY: The attached rule would amend the definition of “net worth” as it appears in NCUA’s Prompt Corrective Action regulation and the definition of “equity ratio” as it appears in NCUA’s Requirements for Insurance regulation. These amendments would implement changes made by Senate Bill 4036, which President Obama signed into law on January 4, 2011. This proposed rule would also make technical changes in other regulations to ensure clarity and consistency in the use of the term “net worth,” as it is applied to federally-insured credit unions.

RECOMMENDED ACTION: Recommend the Board issue the proposed rule with a 60-day comment period.

ATTACHMENT: Draft Proposed Rule.