

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: July 17, 2012

FROM: Office of General Counsel

SUBJ: Definition of "Troubled Condition"
12 C.F.R. §701.14

ACTION REQUESTED: Board issuance of the attached proposed rule expanding the definition of a credit union in "troubled condition" to permit either NCUA or a state supervisory authority (SSA) to declare a federally insured, state-chartered credit union (FISCU) to be in "troubled condition."

DATE ACTION REQUESTED: July 24, 2012

BUDGET IMPACT, IF ANY: None.

RESPONSIBLE STAFF MEMBER: Steven W. Wideman, Staff Attorney, Office of General Counsel.

SUMMARY: Generally, under the current definition of "troubled condition," only an SSA may declare a FISCU to be in "troubled condition." The proposal expands the definition to permit either NCUA or an SSA to declare a FISCU to be in "troubled condition." This expanded definition would enhance NCUA's ability to identify a credit union in "troubled condition" and to better protect the Share Insurance Fund from losses.

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

ATTACHMENT: Proposed rule.