
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETS JUNE 24, 2004

Proposal would clarify notification requirements when executive officer duties or officials change

The NCUA issued a proposed rule, with a 60-day comment period, to clarify Section 701.24 which requires new or troubled federally insured credit unions file a notice with NCUA before adding or replacing a board or committee member or before employing or changing the duties of a senior executive officer.

To eliminate potential confusion, the proposed amendments clarify the relationship between the prior notice and the commencement of service provisions. In addition, the rule is being reorganized to ease comprehension.

Less restrictive member business loan proposal issued

The NCUA Board issued a proposal to amend Part 723, the member business loan (MBL) rule, to enable credit unions to participate more fully in SBA (Small Business Administration) guaranteed loan programs.

To accommodate additional SBA loan participation, the proposed amendments would permit federally insured credit unions to follow the less restrictive collateral and security requirements of the relevant SBA guaranteed loan program, with the proviso that state-chartered credit unions have the necessary authority under state law as determined by their state supervisory authority.

Based on recommendations made during last year's MBL rule revision, NCUA reviewed applicable SBA loan programs and determined they provide reasonable criteria for credit union participation and compliance within the bounds of safety and soundness. What's more, these SBA programs are ideally suited to the mission of many credit unions to satisfy their members' business loan requirements.

Proposal issued to implement FACT Act requirements

The NCUA Board is joining fellow financial institution regulators in issuing a proposed rule, with a 30-day comment period, that would implement the affiliate marketing provisions within the *Fair and Accurate Credit Transactions Act of 2003*.

The proposed regulations generally prohibit the use of information received from an affiliate to solicit a consumer for marketing purposes unless the consumer is given notice as well as the opportunity and a simple method to opt out of such solicitations.

CMO investment rule modifications finalized

The NCUA Board adopted final Part 703 and 704 investment rule changes permitting federal credit unions and corporate credit unions to invest in exchangeable collateralized mortgage obligations (CMOs) representing interests in one or more stripped mortgage back securities (SMBs) subject to specific safety and soundness limitations. The rule also authorizes federal and corporate credit unions to accept exchangeable CMOs as assets in a repurchase transaction or as collateral in a securities lending transaction regardless of whether the CMO contains SMBs. And finally, the rule contains various technical corrections and clarifying amendments to Parts 703 and 704.

Charter conversion request

The NCUA Board approved the request of \$513 million US Federal Credit Union, Burnsville, Minnesota, to convert to a community charter able to serve the people who live, work, worship, attend school, businesses and other legal entities located in the Minnesota counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Board votes are unanimous unless indicated.