



7535-01-U

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Parts 700, 701, 702, 704, 705, 707, 708a, 708b, 709, 717, 725, 740, 741, 747, 748, and 750

RIN 3133-AF22

Technical Amendments

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule and final rule; correction.

SUMMARY: The NCUA Board (Board) is issuing a final rule to make technical amendments to various provisions of the NCUA's regulations. These amendments correct minor technical problems and improve clarity.

DATES: The final rule is effective on [insert date of publication in the FEDERAL REGISTER], except for the corrections to the final rule amending 12 CFR part 702, published at 80 FR 66626, which was delayed on November 6, 2018 (83 FR 55467) and December 17, 2019 (84 FR 68781), which are effective on January 1, 2022.

FOR FURTHER INFORMATION CONTACT: Justin Anderson, Senior Staff Attorney; Gira Bose, Staff Attorney, Division of Regulations and Legislation, Office of General Counsel, at 1775 Duke Street, Alexandria, VA 22314 or telephone: (703) 518-6540.

SUPPLEMENTARY INFORMATION:

I. Background

The Board periodically issues a technical amendments rule correcting minor typographical errors, inaccurate legal citations, or superfluous or outdated regulatory provisions throughout the NCUA's regulations. Because these changes are technical in nature, and do not affect federally insured credit unions in a substantive manner, the Board issues these technical amendments rules as

final rules without notice and comment typically required by the Administrative Procedure Act (APA).¹ Accordingly, the Board is issuing this final rule to address those matters.

II. Legal Authority

The Board has the legal authority to issue this final rule pursuant to its plenary rulemaking authority under the Federal Credit Union Act (FCU Act)² and its specific rulemaking authority under the various acts the Board administers.

III. Section-by-Section Analysis

General Wording, Style, and Cross-Reference Changes

The final rule makes general wording, style, and cross-reference changes throughout the NCUA's regulations. For example, the final rule corrects various typographical errors. Technical amendments of this nature will apply throughout the NCUA's regulations. Therefore, the preamble does not address these types of stylistic changes in the section-by-section analysis below.

Parts 700, 701, 702, 704, 705, 707, 708a, 708b, 709, 717, 725, 740, 741, 747, 748, and 750

The final rule amends one of the definitions listed in § 700.2 of the NCUA's regulations that was erroneously changed. The definitions in part 700 apply throughout chapter VII of title 12 of the Code of Federal Regulations "unless the context indicates otherwise."³ A "Noninsured credit union" is currently defined by regulation as "a credit union chartered under the laws of any State, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, whose member accounts are not insured by NCUA." This term mirrors the Federal Credit Union Act definition.⁴ A final technical amendments rule issued in 2018 amended several references to "Non-federally insured credit unions" changing them to "Noninsured credit unions." Although this change conformed the regulatory definition to the statutory definition, it also inadvertently created internal inconsistencies in the regulations and created unintended

¹ 5 U.S.C. 553(b)(A), (B).

² 12 U.S.C. 1766, 1789.

³ 12 CFR 700.2.

⁴ 12 U.S.C. 1752(7).

confusion and consequences. The Board has determined that the erroneous technical amendment issued in 2018 needs to be reversed to correct the inadvertent regulatory inconsistencies. This will restore clarity that the term “Non-federally insured credit unions,” consistent with the Federal Credit Union Act, includes credit unions whose member accounts are insured by agencies or entities other than the NCUA, such as state or private share insurers, as well as credit unions whose member accounts are not insured by any party. Accordingly, the final rule makes this change in § 700.2 and in other parts where the term “Noninsured credit union” currently appears—parts 704, 705, 708b, and 740.

Section 701.34 Designation of low income status; Acceptance of secondary capital accounts by low-income designated credit unions

Section 701.34(a)(6) provides the definition of “median family income” and “total median earnings for individuals” by referring to data from the Census Bureau. The current definition points to the Census Bureau’s American FactFinder site with a specific hyperlink. The Census Bureau no longer houses this data at that specific site. Accordingly, this final rule replaces the “FactFinder” reference with “American Community Survey” and provides a more general link to the Census Bureau’s website. This change is not intended to alter the reliance on Census Bureau data for these statistics.

Appendix B to Part 701 – Chartering and Field of Membership Manual

The final rule amends certain provisions to update the NCUA office responsible for a certain activity. For instance, the Office of Credit Union Resources and Expansion (CURE) has replaced the Regional Office as the responsible office at Chapter 1, Section III. The final rule also updates references to the Regional Offices to reflect the agency’s realignment that was finalized in 2019, as well as an update to the name of one of the credit union trade associations noted in the Chartering Manual.

Part 702 – Capital Adequacy

In addition to typographical corrections, the final rule includes corrections to the amendatory instructions from the 2015 final rule on risk-based capital⁵ to ensure that cross-references to other provisions that the Board has since been amended will be correctly reflected in this part when the 2015 final rule goes into effect, as it is scheduled to do on January 1, 2022.⁶ These corrections do not make any substantive change to the 2015 final rule.

Part 704 – Corporate Credit Union

Throughout part 704, corporate credit unions are frequently referred to as “corporates.” The final rule amends several sections in this part to replace “corporate” or “corporates” with “corporate credit union” or “corporate credit unions” to avoid confusion and to be more precise.

In addition, a reference to “notational principal balance” has been corrected to “notional principal balance.”

Part 707 – Truth in Savings

This final rule makes a notable change relating to the model clauses and forms in appendix B to this part, which addresses Truth in Savings. Specifically, appendix B refers several times to a chart of accounts in a specific section of the NCUA’s Accounting Manual for Federal Credit Unions. This publication no longer contains this chart of accounts, but this chart served as the model for the sample forms. Accordingly, the final rule adds a statement to this effect in the prefatory language to this appendix to avoid confusion for those referring to the current version of the Accounting Manual.

In addition, the final rule redesignates several paragraphs in appendix C to this part to correct duplicate paragraph numbering that resulted from prior amendments. This change does not affect or add to the substance of these provisions. The final rule will also correct minor wording or typographical errors.

Part 708a – Bank Conversions and Mergers

⁵ 80 FR 66626 (Oct. 29, 2015).

⁶ See 84 FR 68781 (Dec. 17, 2019).

Section 708a.304 addresses the notice that a credit union must file with the NCUA within 30 days of its board adopting a proposal to merge. This provision refers to an asset threshold set by the Federal Trade Commission (FTC) under the Hart-Scott Rodino Act that triggers a premerger notification to the FTC. The threshold amount listed in the current regulation is outdated. Because the FTC will continue to update this threshold, removing the specific dollar amount from this regulation will help to avoid confusion or alternatively, the need for the NCUA to update its regulation each time the FTC updates the threshold. Credit unions should refer to the FTC's announcements of the threshold amounts on that agency's website and in the **Federal Register**.

Part 747 - Administrative Actions, Adjudicative Hearings, Rules of Practice and Procedure, and Investigations

The final rule makes two notable clarifications and updates to this part. In § 747.0, which sets forth the scope of this part, the final rule adds a defined term for the Uniform Rules when that subject is first discussed in order to provide clarity. In § 747.207, which addresses notices of termination of insured status, the final rule updates a reference to the standard maximum share insurance amount from \$100,000 to \$250,000 to reflect the statutory change that Congress enacted in 2010.⁷

IV. Regulatory Procedures

Administrative Procedure Act

Generally, the APA requires a Federal agency to provide the public with notice and an opportunity to comment on agency rulemakings.⁸ The APA, however, creates an exception in cases where an agency for good cause determines “that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”⁹ Because all of the changes in this

⁷ Pub. L. 111-203, sec. 335(b).

⁸ 5 U.S.C. 553(b).

⁹ *Id.* at 553(b)(B).

final rule involve only minor, technical amendments to the NCUA's existing regulations, the Board has determined that notice and comment would be unnecessary and contrary to the public interest.

Furthermore, the APA generally provides that a final rule may not become effective until at least 30 days after its publication in the Federal Register unless the agency determines that good cause exists to dispense with this requirement.¹⁰ As noted above, given that the rule does not impose new requirements on federally insured credit unions and only involves minor, technical amendments to existing regulations, the Board finds sufficient good cause exists to dispense with the 30-day effective date requirement. The rule will, therefore, be effective immediately upon publication.

Regulatory Flexibility Act

The Regulatory Flexibility Act requires the NCUA to prepare an analysis of any significant economic impact a regulation may have on a substantial number of small entities (primarily those under \$100 million in assets).¹¹ As discussed previously, consistent with the APA,¹² the Board has determined for good cause that general notice and opportunity for public comment is unnecessary, and therefore the Board is not issuing a notice of proposed rulemaking. Rules that are exempt from notice and comment procedures are also exempt from the RFA requirements, including conducting a regulatory flexibility analysis, when among other things the agency for good cause finds that notice and public procedure are impracticable, unnecessary, or contrary to the public interest. Accordingly, the Board has concluded that the RFA's requirements relating to initial and final regulatory flexibility analysis do not apply.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) applies to rulemakings in which an agency by rule creates a new paperwork burden on regulated entities or increases an existing burden.¹³ For

¹⁰ 5 U.S.C. 553(d). For the same reasons, the Board is not providing the usual 60-day comment period before finalizing this rule. See NCUA Interpretive Ruling and Policy Statement (IRPS) 87-2, as amended by IRPS 03-2 and IRPS 15-1. 80 FR 57512 (Sept. 24, 2015), available at <https://www.ncua.gov/files/publications/irps/IRPS1987-2.pdf>.

¹¹ 5 U.S.C. 601 – 612.

¹² 5 U.S.C. 553(b)(3)(B).

¹³ 44 U.S.C 3501 – 3521.

purposes of the PRA, a paperwork burden may take the form of a reporting or recordkeeping requirement, both referred to as information collections. As the final rule makes only minor, technical amendments to the NCUA's existing regulations, the NCUA has determined it does not increase paperwork requirements under the PRA.

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) provides generally for congressional review of agency rules.¹⁴ A reporting requirement is triggered in instances where the NCUA issues a "final rule" as defined by statute.¹⁵ As required by SBREFA, the NCUA will submit this rule to the Office of Management and Budget for it to determine if the final rule is a "major rule" for purposes of SBREFA. The NCUA does not believe the rule is major.

Assessment of Federal Regulations and Policies on Families.

The NCUA has determined that this rule will not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act.¹⁶

Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests.¹⁷ The NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order to adhere to fundamental federalism principles. The final rule does not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. The NCUA has therefore determined that this final rule does not constitute a policy that has federalism implications for purposes of the Executive order.

List of Subjects

¹⁴ 5 U.S.C. 801 – 808.

¹⁵ 5 U.S.C. 551, 804.

¹⁶ Pub. L. 105-277, sec. 654, 112 Stat. 2681, 2681-528 (1998).

¹⁷ "Federalism," E.O. 13,132 (Aug. 10, 1999).

12 CFR Part 700

Credit unions.

12 CFR Part 701

Advertising, Aged, Civil rights, Credit, Credit unions, Fair housing, Individuals with disabilities, Insurance, Marital status discrimination, Mortgages, Religious discrimination, Reporting and recordkeeping requirements, Sex discrimination, Signs and symbols, Surety bonds.

12 CFR Part 702

Credit unions, Reporting and recordkeeping requirements.

12 CFR Part 704

Credit unions, Reporting and recordkeeping requirements, Surety bonds.

12 CFR Part 705

Community programs, Credit unions, Grants, Loans, Low income, Revolving fund.

12 CFR Part 707

Advertising, Credit unions, Reporting and recordkeeping requirements, Truth in lending.

12 CFR Part 708a

Credit unions, Reporting and recordkeeping requirements.

12 CFR Part 708b

Bank deposit insurance, Credit unions, Reporting and recordkeeping requirements.

12 CFR Part 709

Claims, Credit unions.

12 CFR Part 717

Consumer protection, Credit unions, Information, Privacy, Reporting and recordkeeping requirements.

12 CFR Part 725

Central liquidity facility.

12 CFR Part 740

Advertisements, Credit unions, Share insurance, Signs and symbols.

12 CFR Part 741

Bank deposit insurance, Credit unions, Reporting and recordkeeping requirements.

12 CFR Part 747

Administrative practice and procedure, Bank deposit insurance, Claims, Credit unions, Crime, Equal access to justice, Investigations, Lawyers, Penalties.

12 CFR Part 748

Credit unions, Reporting and recordkeeping requirements, Security measures.

12 CFR Part 750

Credit unions, Golden parachute payments, Indemnity payments.

By the National Credit Union Administration Board on June 25, 2020.

Gerard Poliquin,
Secretary of the Board.

Correction

In FR Doc. 2015-26790, appearing on page 66626 in the Federal Register of Thursday, October 29, 2015, the following corrections are made:

§ 702.1 [Corrected]

1. On page 66706, in the third column, revise § 702.1(a) by removing “12 U.S.C. 1776” adding in its place “12 U.S.C. 1766”.
2. On page 66722, in the first column, remove instruction 11.

§ 702.305 [Corrected]

3. On page 66722, in the first column, correct instruction 12 to read as follows: “Amend newly redesignated § 702.305(b)(4) by removing the citation “§ 702.504” and adding in its place “§ 702.304”

For the reasons discussed above, the Board is correcting FR Doc. 2015-26790, as set forth above, and amending 12 CFR parts 700, 701, 702, 704, 705, 707, 708a, 708b, 709, 717, 725, 740, 741, 747, 748, and 750 as follows:

PART 700 – DEFINITIONS

1. The authority citation for part 700 continues to read as follows:

Authority: 12 U.S.C. 1752, 1757(6), 1766.

2. Amend § 700.2 by:

- a. Removing the definition of “Noninsured credit union”; and
- b. Adding in alphabetical order the definition of “Non-federally insured credit union”.

The addition reads as follows:

§ 700.2 Definitions

* * * * *

Non-federally insured credit union means a credit union chartered under the laws of any State, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, whose member accounts are not insured by the NCUA.

* * * * *

PART 701 – ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

3. The authority citation for part 701 continues to read as follows:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1758, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1786, 1787, 1789. Section 701.6 is also authorized by 15 U.S.C. 3717. Section 701.31 is also

authorized by 15 U.S.C. 1601 et seq.; 42 U.S.C. 1981 and 3601-3610. Section 701.35 is also authorized by 42 U.S.C. 4311-4312.

§ 701.22 [Amended]

4. In § 701.22, amend paragraph (e) by removing the citation “(b)(1)(ii)” and adding in its place the citation “(b)(5)(ii)”.

5. Amend § 701.34 by revising paragraph (a)(6) to read as follows:

§ 701.34 Designation of low income status; Acceptance of secondary capital accounts by low-income designated credit unions.

* * * * *

(a) * * *

(6) *Definitions.* The following definitions apply to this section:

Median family income and *total median earnings for individuals* are income statistics reported by the U.S. Census Bureau. The applicable income data can be obtained via the American Community Survey on the Census Bureau's webpage at <http://www.census.gov>.

Metropolitan area means an area designated by the Office of Management and Budget pursuant to 31 U.S.C. 1104(d), 44 U.S.C. 3504(c), and Executive Order 10253 (June 13, 1951) (as amended).

* * * * *

6. Amend appendix B to part 701 by revising the first sentence of the second paragraph under the heading “III --Subscribers”, Appendix 3, and Appendix 5 to read as follows:

APPENDIX B TO PART 701—CHARTERING AND FIELD OF MEMBERSHIP MANUAL

* * * * *

III - SUBSCRIBERS

* * * * *

Persons interested in organizing a Federal credit union should contact one of the credit union trade associations or the NCUA Office of Credit Union Resources and Expansion.***

* * * * *

APPENDIX 3
NCUA OFFICES

OFFICE OF CREDIT UNION RESOURCES AND EXPANSION (CURE)

1775 Duke Street
Alexandria, VA 22314-3428

Phone: 703-518-1150
Fax: 703-518-6672
EMAIL: DCAMail@NCUA.GOV

The Divisions of Consumer Access (East, Central, and West) within CURE share the responsibility for chartering and field-of-membership matters, low-income designations, charter conversions, and bylaw amendments.

EASTERN REGION – ALEXANDRIA

1775 Duke Street
Alexandria, VA 22314-3428

Phone: 703-519-4600
Fax: 703-519-6674
EMAIL: EasternMail@NCUA.GOV

States in the Eastern Region include: Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia.

SOUTHERN REGION – AUSTIN

4807 Spicewood Springs Road, Suite 5200
Austin, TX 78759-8490

Phone: 512-342-5600
Fax: 512-342-5620
EMAIL: SouthernMail@NCUA.GOV

States in the Southern Region include: Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Oklahoma, Tennessee, and Texas, as well as Puerto Rico and the U.S. Virgin Islands.

WESTERN REGION – TEMPE

1230 West Washington Street, Suite 301
Tempe, AZ 85281

Phone: 602-302-6000

Fax: 602-302-6024
EMAIL: WesternMail@NCUA.GOV

States in the Western Region include: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Nevada, Oregon, South Dakota, Utah, Washington, Wisconsin, and Wyoming, as well as Guam.

* * * * *

APPENDIX 5 TRADE ASSOCIATIONS
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Credit Union National Association (CUNA)

www.cuna.org

P.O. Box 431
Madison, WI
53701 800-
356-9655

National Association of Federally-Insured Credit Unions (NAFCU)

www.nafcu.org

3138 N. 10th Street, Suite 300
Arlington, VA 22201-2149
800-336-4644

National Association of State Credit Union Supervisors (NASCUS)

www.nascus.org

1655 North Fort Myer
Drive Suite 650
Arlington, VA 22209
703-528-8351

Inclusiv

<https://www.inclusiv.org/>

39 Broadway, Suite
2140 New York, NY
10006-3063 212-809-
1850

PART 702 – CAPITAL ADEQUACY

7. The authority citation for part 702 continues to read as follows:

Authority: 12 U.S.C. 1766(a), 1790d.

§ 702.306 [Amended]

8. In § 702.306(a)(1)(i), remove the word “the-present” and add, in its place, the word “then-present”.

PART 703 – INVESTMENT AND DEPOSIT ACTIVITIES

9. The authority citation for part 703 continues to read as follows:

Authority: 12 U.S.C. 1757(7), 1757(8), 1757(15).

10. Revise § 703.14(k) to read as follows:

§ 703.14 Permissible investments.

* * * * *

(k) *Derivatives.* A Federal credit union may only enter into the following derivatives transactions:

* * * * *

§ 703.112 [Amended]

11. In § 703.112, amend paragraph (a) by removing the word “fесcribed” and adding, in its place, the word “described”.

PART 704 – CORPORATE CREDIT UNIONS

12. The authority citation for part 704 continues to read as follows:

Authority: 12 U.S.C. 1766(a), 1781, 1789.

§ 704.1 [Amended]

13. In § 704.1, amend paragraph (a) by removing in the second sentence the words “Noninsured corporate credit unions” and adding, in their place, the words “Non-federally insured corporate credit unions”.

§ 704.4 [Amended]

14. Amend § 704.4 by adding the words “credit union” after “corporate” in the last sentence of paragraph (e)(1)(ii)(5).

§ 704.5 [Amended]

15. In § 704.5 amend paragraph (e)(4) by adding the words “credit union” after “corporate” in the last sentence.

16. Amend § 704.6 by revising paragraph (f)(2) to read as follows.

§ 704.6 Credit risk management.

* * * * *

(f) ***

(2) A corporate credit union must identify and monitor any changes in credit quality of the investment and retain appropriate supporting documentation as long as the corporate credit union owns the investment.

* * * * *

17. Amend § 704.8 by revising paragraphs (j)(1) and (k) to read as follows:

§704.8 Asset and liability management.

* * * * *

(j) *Limit breaches.* (1)(i) If a corporate credit union's decline in NEV, base case NEV ratio, or any NEV ratio calculated under paragraph (d) of this section exceeds

established or permitted limits, or the corporate credit union is unable to satisfy the tests in paragraph (f) or (g) of this section, the operating management of the corporate credit union must immediately report this information to its board of directors and ALCO; and

(ii) If the corporate credit union cannot adjust its balance sheet to meet the requirements of paragraph (d), (f), or (g) of this section within 10 calendar days after detection by the corporate credit union, the corporate credit union must notify in writing the Director of the Office of National Examinations and Supervision.

* * * * *

(k) *Overall limit on business generated from individual credit unions.* On or after April 22, 2013, a corporate credit union is prohibited from accepting from any member, or any nonmember credit union, any investment, including shares, loans, PCC, or NCAs if, following that investment, the aggregate of all investments from that entity in the corporate credit union would exceed 15 percent of the corporate credit union's moving daily average net assets.

18. Amend § 704.11 by:

- a. Adding the words “credit union” after the second use of the word “corporate” in the last sentence of paragraph (b)(2);
 - b. Adding the words “credit union” after “corporate” in the first sentence of paragraph (b)(3);
 - c. Adding the word “from” between the words “activity” and “the” in paragraph (e)(2);
- and
- d. Revising paragraph (g)(7).

The revision reads as follows:

§704.11 Corporate Credit Union Service Organizations (Corporate CUSOs).

* * * * *

(g) * * *

(7) Will inform the corporate credit union, at least quarterly, of all the compensation paid by the CUSO to its employees who are also employees of the corporate credit union; and

* * * * *

19. Amend § 704.14 by revising paragraphs (a)(4) and (8) to read as follows:

§704.14 Representation.

(a) * * *

(4) No individual may be elected or appointed to serve on the board if, after such election or appointment, any member of the corporate credit union would have more than one representative on the board of the corporate credit union;

* * * * *

(8) In the case of a corporate credit union whose membership is composed of more than 25 percent non-credit unions, the majority of directors serving as representatives of member credit unions, including the chair, must be elected only by member credit unions; and

* * * * *

20. Revise § 704.19(a) introductory text to read as follows:

§704.19 Disclosure of executive compensation.

(a) *Annual disclosure.* A corporate credit union must annually prepare and maintain a disclosure of the dollar amount of compensation paid to its most highly compensated

employees, including compensation from any corporate CUSO in which the corporate credit union has invested or made a loan, in accordance with the following schedule:

* * * * *

§ 704.20 [Added and Reserved]

21. Add reserved § 704.20.

22. Amend § 704.22 by revising paragraph (b) to read as follows:

§704.22 Membership fees.

* * * * *

(b) The corporate credit union must calculate the fee uniformly for all members as a percentage of each member's assets, except that the corporate credit union may reduce the amount of the fee for members that have contributed capital to the corporate credit union. Any reduction must be proportional to the amount of the member's nondepleted contributed capital.

* * * * *

Appendix A to Part 704 [Amended]

23. Amend appendix A to part 704 as follows:

- a. In Part I, add the words “credit union” between the words “corporate” and “on” in the first sentence;
- b. In Part I, add the words “credit union” between the words “corporate” and “before” in the first sentence;
- c. In Part II, Model Form C, add the words “credit union” after the word “corporate” in the second sentence of paragraph (3); and

d. In Part II, Model Form D, add the words “credit union” after the word “corporate” in the second sentence of paragraph (3).

Appendix B to Part 704 [Amended]

24. Amend appendix B to part 704 as follows:

- a. In paragraph titled “Base-Plus”, add the words “credit union” after the word “corporate”;
- b. In paragraph (b)(1) of Part III, remove the word “corporate’s” and add, in its place, “corporate credit union’s”;
- c. In paragraph (b)(2) of Part III, add the words “credit union” between the words “corporate” and “must”;
- d. In paragraph (b)(2) of Part III, remove the word “corporate’s” and add, in its place, “corporate credit union’s”;
- e. In paragraph (b)(3) of Part III, add the words “credit union” after the word “corporate”;
- f. In paragraph (b)(4) of Part III, add the words “credit union” between the words “corporate” and “must”; and
- g. In paragraph (b)(4) of Part III, remove the word “corporate’s” and add, in its place, “corporate credit union’s”.

Appendix C to Part 704 [Amended]

25. Amend appendix C to part 704 by:

- a. In Part I, paragraph (b):
 - i. Revising the definition of “Face amount;” and
 - ii. Revising paragraph (2) of the definition of “Qualifying mortgage loan;”

- b. In Part II, paragraph (a)(6), in the first sentence, remove the word “corporate’s” and add, in its place, “corporate credit union’s”;
- c. In Part II, paragraph (b)(2)(ii), in the last sentence, remove the word “or” and add, in its place, the word “of”; and
- d. In Part II, paragraph (c)(3)(i), in the last sentence, remove the word “corporate’s” and add, in its place, the words “corporate credit union’s”.

The revisions read as follows:

Appendix C to Part 704 -- *

* * * * *

Part I

* * * * *

(b) * * *

Face amount means the notional principal, or face value, amount of an off-balance sheet item or the amortized cost of an on-balance sheet asset.

* * * * *

Qualifying mortgage loan * * *

(2) Is underwritten in accordance with prudent underwriting standards, including standards relating to the ratio of the loan amount to the value of the property (LTV ratio), as presented in the *Interagency Guidelines for Real Estate Lending Policies* (December 31, 1992). A nonqualifying mortgage loan that is paid down to an appropriate LTV ratio (calculated using value at origination, appraisal obtained within the prior six months, or updated value using an automated valuation model) may become a qualifying loan if it meets all other requirements of this definition;

* * * * *

PART 705 – COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

ACCESS FOR CREDIT UNIONS

26. The authority citation for part 705 continues to read as follows:

Authority: 12 U.S.C. 1756, 1757(5)(D), and (7)(I), 1766, 1782, 1784, 1785 and 1786.

§§ 705.2 and 705.7 [Amended]

27. Amend §§ 705.2 and 705.7(b)(3) by removing “noninsured credit union” and adding in its place “Non-federally insured credit union”.

PART 707 – TRUTH IN SAVINGS

28. The authority citation for part 707 continues to read as follows:

Authority: 12 U.S.C. 4311.

29. Amend appendix B to part 707 by:

- a. Adding a paragraph at the end of the introductory text;
- b. In the note to B-6 Sample Form (REGULAR SHARE ACCOUNT DISCLOSURES), revising “Nonfederally” to read as “Non-federally”;
- c. In B-9 “Sample Form (TERM SHARE (CERTIFICATE) ACCOUNT DISCLOSURES)”:
 - i. In paragraph 3, removing the word “minium” in the first non-italicized sentence, and adding in its place the word “minimum”; and
 - ii. In the “NOTE” in the last sentence, removing the word “if”, and adding in its place, the word “is”.

The addition reads as follows:

Appendix B to Part 707—Model Clauses and Sample Forms

Note also that certain information that appeared in previous versions of the *NCUA Accounting Manual for FCUs* that served as a model for this appendix do not appear in the current version of that publication.

30. Amend appendix C to part 707 by:

a. In Section 707.2:

i. Under “(i) *Dividend and Dividends*” revise paragraph 4.D;

ii. Under “(z) *Variable-Rate Account*”, revise the first sentence of paragraph 2;

b. In Section 707.4,

i. Under “(a)(2)(i)” revise paragraph (2);

ii. Under “(b)(6)(ii)” revise paragraph (2)(i);

c. In Section 707.7, revise the heading for “(a)(2)”;

d. In Section 707.9, under “(c) *Record retention*”, revise paragraph (1)(ii);

e. In Section 707.11, under “(a)(1) *General*”:

i. Redesignate sections (a)(1)(2) through (a)(1)(6) as (a)(1)(3) through (a)(1)(7); and

ii. redesignate the second section numbered (1) as (2).

The revisions read as follows:

APPENDIX C TO PART 707—OFFICIAL STAFF INTERPRETATIONS

Section 707.2—Definitions

(i) Dividend and Dividends

4. ***

D. I further certify that the Board of Directors of this Credit Union has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the foregoing resolutions and that this resolution revokes any prior resolution.

(z) Variable-Rate Account

2. *Differences between fixed-rate and variable-rate accounts.* All accounts must either be fixed-rate or variable-rate accounts. Classifying an account as variable-rate affects credit unions three ways:

Section 707.4—Account Disclosures

(a)(2) Requests

(a)(2)(i)

2. *General requests.* When members or potential members request disclosures about a type of account (a share draft account, for example), a credit union that offers several variations may provide disclosures for any one of them. No disclosures need be made to nonmembers, though a credit union may provide disclosures to nonmembers within its sole discretion.

(b) Content of Account Disclosures

(b)(6)(ii) Early Withdrawal Penalties

2. ***

i. Monetary penalties, such as a specific dollar amount (e.g., “\$10.00”) or a specific days' worth of dividends (e.g., “seven days' dividends plus accrued but uncredited dividends, but only if the account is closed”).

Section 707.7—Payment of Dividends

(a2) Determination of Minimum Balance To Earn Dividends

Section 707.9—Enforcement and Record Retention

(c) Record retention

ii. Retained sample disclosures for each type of account offered to members, such as account-opening disclosures, copies of advertisements, and change-in-term notices; and information regarding the dividend rates and annual percentage yields offered.

PART 708a – BANK CONVERSIONS AND MERGERS

31. The authority citation for part 708a continues to read as follows:

Authority: 12 U.S.C. 1766, 1785(b), 1785(c).

§708a.304 [Amended]

36. In §708a.304(a)(13), remove the words “currently \$63.4 million.”.

**PART 708b - MERGERS OF INSURED CREDIT UNIONS INTO OTHER
CREDIT UNIONS; VOLUNTARY TERMINATION OR CONVERSION OF
INSURED STATUS**

32. The authority citation for part 708b continues to read as follows:

Authority: 12 U.S.C. 1752(7), 1766, 1785, 1786, 1789.

33. Throughout part 708b, remove the terms “nonfederal”, “noninsured”, “noninsured credit union”, and “noninsured state credit union” and add in their place “non-Federal”, “non-federally insured”, “Non-federally insured credit union”, and “Non-federally insured credit union”, respectively.

§ 708b.1 [Amended]

34. Amend § 708b.1 as follows:

- a. In paragraph (a), remove the word “partprescribes”, and, add in its place, the phrase “part prescribes”.
- b. In paragraph (b), remove the word “partprescribes”, and, add in its place, the phrase “part prescribes”.
- c. In paragraph (d), remove the word “partrestricts”, and, add in its place, the phrase “part restricts”.

§ 708b.205 [Amended]

35. In § 708b.205 amend paragraph (c) by removing the word “state” and adding, in its place, “state-chartered”.

**PART 709 - INVOLUNTARY LIQUIDATION OF FEDERAL CREDIT UNIONS
AND ADJUDICATION OF CREDITOR CLAIMS INVOLVING FEDERALLY
INSURED CREDIT UNIONS IN LIQUIDATION**

36. The authority citation for part 709 continues to read as follows:

Authority: 12 U.S.C. 1757, 1766, 1767, 1786(h), 1786(t), and 1787(b)(4), 1788, 1789, 1789a.

§ 709.8 [Amended]

37. In § 709.8 amend paragraph (f) by in the first sentence, adding the word “is” between the words “request” and “filed”.

§ 709.9 [Amended]

38. In § 709.9 amend paragraph (b)(5)(ii)(B) by, in the last sentence, removing the word “all” after the word “existing”.

PART 717 – FAIR CREDIT REPORTING

39. The authority citation for part 717 continues to read as follows:

Authority: 12 U.S.C. 1766(a), 1789; 15 U.S.C. 1681m(e).

§ 717.82 [Amended]

40. In § 717.82(a), add the word “a” between words “is” and “federal”.

**PART 725 – NATIONAL CREDIT UNION ADMINISTRATION CENTRAL
LIQUIDITY FACILITY**

41. The authority citation for part 725 continues to read as follows:

Authority: 12 U.S.C. 1795f(a)(2).

§ 725.4 [Amended]

42. Amend § 725.4 as follows:

- a. In paragraph (b)(4), add the word “the” between the words “of” and “Facility”; and
- b. In paragraph (e), remove the word “agent” and add in its place “Agent” in the first sentence.

§ 725.18 [Amended]

43. In § 725.18(c), in the first sentence, add a closing quotation mark after the word “insolvency”.

PART 740 – ACCURACY OF ADVERTISING AND NOTICE OF INSURED STATUS

44. The authority citation for part 740 continues to read as follows:

Authority: 12 U.S.C. 1766, 1781, 1785, and 1789.

45. Throughout part 740, remove the term “nonfederally” and add in its place the word “Non-federally”.

46. Revise § 740.5(c)(6) to read as follows:

§ 740.5 *.

* * * * *

(c) * * *

(6) Joint or group advertisements of credit union services where the names of federally insured credit unions and Non-federally insured credit unions are listed and form a part of such advertisement;

* * * * *

PART 741 – REQUIREMENTS FOR INSURANCE

47. The authority citation for part 741 continues to read as follows:

Authority: 12 U.S.C. 1757, 1766(a), 1781-1790, and 1790d; 31 U.S.C. 3717.

§ 741.4 [Amended]

48. In §§ 741.4(i)(2) and (j)(1), remove the word “nonfederally” and add in its place the word “non-federally”.

§ 741.204 [Amended]

49. In § 741.204(c), add the word “union” after the word “credit” in the first sentence the first time that word appears.

**PART 747 - ADMINISTRATIVE ACTIONS, ADJUDICATIVE HEARINGS,
RULES OF PRACTICE AND PROCEDURE, AND INVESTIGATIONS**

50. The authority citation for part 747 continues to read as follows:

Authority: 12 U.S.C. 1766, 1782, 1784, 1785, 1786, 1787, 1790a, 1790d; 15 U.S.C. 1639e; 42 U.S.C. 4012a; Pub. L. 101-410; Pub. L. 104-134; Pub. L. 109-351; Pub. L. 114-74.

§ 747.0 [Amended]

51. In § 747.0, in the second sentence, add the words “(Uniform Rules)” after the words “uniform rules of practice and procedure”.

§ 747.29 [Amended]

52. In § 747.29(a)(2), remove the word “part” and add in its place the word “party”.

§ 747.207 [Amended]

53. In § 747.207, amend paragraph 3 of the sample notice, by removing “\$100,000” and adding, in its place, “\$250,000”;

§ 747.306 [Amended]

54. In § 747.306(b), in the first sentence, remove the words “state with” the second time they appear;

§ 747.402 [Amended]

55. In § 747.402(b), remove the word “or” between the words “dissipation” and “credit” and add in its place the word “of”.

**PART 748 - SECURITY PROGRAM, REPORT OF SUSPECTED CRIMES,
SUSPICIOUS TRANSACTIONS, CATASTROPHIC ACTS AND BANK
SECRECY ACT COMPLIANCE**

56. The authority citation for part 748 continues to read as follows:

Authority: 12 U.S.C. 1766(a), 1786(q); 15 U.S.C. 6801-6809; 31 U.S.C. 5311 and 5318.

Appendix B to Part 748 [Amended]

57. Amend appendix B to part 748 as follows:

a. In footnote 34, remove the word “identify” and add, in its place, the word “identity”;

b. In footnote 39, remove the word “Suspicious” and add, in its place, the word “Suspicious”; and

c. In footnote 39, remove the word “Issues” and add, in its place, the word “Issues”.

PART 750 – GOLDEN PARACHUTE AND INDEMNIFICATION PAYMENTS

58. The authority citation for part 750 continues to read as follows:

Authority: 12 U.S.C. 1786(t).

§ 750.5 [Amended]

59. In § 750.5(a)(3), add a space between the word “in” and “§750.1(j)”.

§ 750.6 [Amended]

60. In § 750.6(a), in the first sentence, add a space between the word “to” and “§750.1(d)(2)(v)”.

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