

## SUBCHAPTER A—REGULATIONS AFFECTING CREDIT UNIONS

### PART 700—DEFINITIONS

Sec.

700.1 Scope.

700.2 Definitions.

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

#### § 700.1 Scope.

The definitions in § 700.2 apply to terms used in this chapter. Many additional definitions appear in the parts where the terms are used.

[66 FR 65624, Dec. 20, 2001]

#### § 700.2 Definitions.

As used in this chapter:

(a) *Act* means the Federal Credit Union Act (73 Stat. 628, 84 Stat. 944, 12 U.S.C. 1751 through 1790).

(b) *Administration* means the National Credit Union Administration.

(c) *Board* means the Board of the National Credit Union Administration.

(d) *Credit Union* means a credit union chartered under the Federal Credit Union Act or, as the context permits, under the laws of any State.

(e)(1) *Insolvency*. A credit union will be determined to be insolvent when the total amount of its shares exceeds the present cash value of its assets after providing for liabilities unless:

(i) It is determined by the Board that the facts that caused the deficient share-asset ratio no longer exist; and

(ii) The likelihood of further depreciation of the share-asset ratio is not probable; and

(iii) The return of the share-asset ratio to its normal limits within a reasonable time for the credit union concerned is probable; and

(iv) The probability of a further potential loss to the insurance fund is negligible.

(2) For purposes of this section, the following definitions are used:

(i) *Cash value of assets*. Recorded value will be considered the cash value of any asset account providing accepted accounting principles and practices are followed and the provisions of law, regulation, and bylaws are met.

(ii) *Liabilities*. Recorded liabilities which are due and payable, excluding

shares of members and non-members, are considered liabilities.

(f) *Paid-in and unimpaired capital and surplus* means shares plus post-closing, undivided earnings. This does not include regular reserves or special reserves required by law, regulation or special agreement between the credit union and its regulator or share insurer. "Paid-in and unimpaired capital and surplus" for purposes of the Central Liquidity Facility is defined in § 725.2(o) of this chapter.

(g) *Regional Director* means the representative of the Administration in the designated geographical area in which the office of the Federal credit union is located.

(h) *Regional Office* means the office of the Administration located in the designated geographical areas in which the office of the Federal credit union is located.

(i) *State* means a State of the United States, the District of Columbia, any of the several Territories and possessions of the United States, the Panama Canal Zone, and the Commonwealth of Puerto Rico.

(j) *Unimpaired capital and surplus* means the same as "paid-in and unimpaired capital and surplus," as defined in paragraph (f) of this section.

[36 FR 23794, Dec. 15, 1971; 37 FR 329, Jan. 11, 1972, as amended at 37 FR 10342, May 20, 1972; 45 FR 47121, July 14, 1980; 54 FR 48234, Nov. 22, 1989; 54 FR 52015, Dec. 20, 1989; 55 FR 1794, Jan. 19, 1990; 57 FR 47985, Oct. 21, 1992; 58 FR 40042, July 27, 1993; 65 FR 44966, July 20, 2000. Redesignated and amended at 66 FR 65624, Dec. 20, 2001]

### PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

Sec.

701.1 Federal credit union chartering, field of membership modifications, and conversions.

701.2-701.5 [Reserved]

701.6 Fees paid by Federal credit unions.

701.7-701.13 [Reserved]

701.14 Change in official or senior executive officer in credit unions that are newly chartered or are in troubled condition.

701.15-701.18 [Reserved]

## § 701.1

- 701.19 Benefits for employees of Federal credit unions.
- 701.20 Suretyship and guaranty.
- 701.21 Loans to members and lines of credit to members.
- 701.22 Loan participation.
- 701.23 Purchase, sale, and pledge of eligible obligations.
- 701.24 Refund of interest.
- 701.25 Charitable contributions and donations.
- 701.26 Credit union service contracts.
- 701.27-701.30 [Reserved]
- 701.31 Nondiscrimination requirements.
- 701.32 Payment on shares by public units and nonmembers.
- 701.33 Reimbursement, insurance, and indemnification of officials and employees.
- 701.34 Designation of low-income status; receipt of secondary capital accounts by low-income designated credit unions.
- 701.35 Share, share draft, and share certificate accounts.
- 701.36 FCU ownership of fixed assets.
- 701.37 Treasury tax and loan depositories; depositories and financial agents of the Government.
- 701.38 Borrowed funds from natural persons.
- 701.39 Statutory lien.

AUTHORITY: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 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.

### § 701.1 Federal credit union chartering, field of membership modifications, and conversions.

National Credit Union Administration policies concerning chartering, field of membership modifications, and conversions are set forth in Interpretive Ruling and Policy Statement 03-1, Chartering and Field of Membership Policy (IRPS 03-1). Copies may be obtained by contacting NCUA at the addresses found in § 790.2(c) of this chapter.

(Approved by the Office of Management and Budget under control number 3133-0015)

[68 FR 18340, Apr. 15, 2003]

### §§ 701.2-701.5 [Reserved]

### § 701.6 Fees paid by Federal credit unions.

(a) *Basis for assessment.* Each calendar year or as otherwise directed by the Board, each Federal credit union shall pay to the Administration for the current National Credit Union Adminis-

## 12 CFR Ch. VII (1-1-05 Edition)

tration fiscal year (January 1 to December 31) an operating fee in accordance with a schedule as fixed from time to time by the National Credit Union Administration Board based on the total assets of each Federal credit union as of December 31 of the preceding year or as otherwise determined pursuant to paragraph (b) of this section.

(b) *Coverage.* The operating fee shall be paid by each Federal credit union engaged in operations as of January 1 of each calendar year, except as otherwise provided by this paragraph.

(1) *New charters.* A newly chartered Federal credit union will not pay an operating fee until the year following the first full calendar year after the date chartered.

(2) *Conversions.* A state chartered credit union that converts to Federal charter will pay an operating fee in the year following the conversion. Federal credit unions converting to state charter will not receive a refund of the operating fee paid to the Administration in the year in which the conversion takes place.

(3) *Mergers.* A continuing Federal credit union that has merged with another credit union will pay an operating fee in the following year based on the combined total assets of the merged credit union and the continuing Federal credit union as of December 31 of the year in which the merger took place. For purposes of this requirement, a purchase and assumption transaction wherein the continuing Federal credit union purchases all or essentially all of the assets of another credit union shall be deemed a merger. Federal credit unions merging with other Federal or state credit unions will not receive a refund of the operating fee paid to the Administration in the year in which the merger took place.

(4) *Liquidations.* A Federal credit union placed in liquidation will not pay any operating fee after the date of liquidation.

(c) *Notification.* Each Federal credit union shall be notified at least 30 days in advance of the schedule of fees to be paid. A Federal credit union may submit written comments to the Board for consideration regarding the existing