

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** December 1, 2017

**FROM:** Office of General Counsel

**SUBJ:** Final Rule – Emergency  
Mergers

**ACTION REQUESTED:** Board approval to issue the attached final rule, which would amend the NCUA’s definition of “in danger of insolvency” for emergency merger purposes.

**DATE ACTION REQUESTED:** December 14, 2017.

**OTHER OFFICES CONSULTED:** Office of the Chief Economist; Office of Examination and Insurance.

**VIEWS OF OTHER OFFICES CONSULTED:** Concur.

**BUDGET IMPACT, IF ANY:** None.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**RESPONSIBLE STAFF MEMBERS:** Thomas I. Zells, Staff Attorney, Office of General Counsel.

**SUMMARY:** The final rule will amend the definition of “in danger of insolvency” in the NCUA’s chartering and field of membership manual for emergency merger purposes. The current definition requires credit unions to fall into at least one of three net worth categories over a period of time in order to be found to be in danger of insolvency. For two of the three categories, the final rule will lengthen by six months the forecast horizons, the time period in which the NCUA projects a credit union’s net worth will decline to the point that it falls into one of the categories. This will extend the time period in which a credit union’s net worth is projected to either render it insolvent or drop below two percent from 24 to 30 months and from 12 to 18 months, respectively. Additionally, the final rule will add a fourth category to the three existing net worth categories to include credit unions that have been granted or received assistance under section 208 of the Federal Credit Union Act in the 15 months prior to the NCUA regional office’s determination that the credit union is in danger of insolvency.

**RECOMMENDED ACTION:** Board approval of the attached final rule.

**ATTACHMENT:** Final rule.