quarterly, and will be provided upon re-
quest to the external auditor and the
OCCU Director.

§ 704.16 Contracts/written agreements.
Services, facilities, personnel, or
equipment shared with any party shall
be supported by a written contract,
with the duties and responsibilities of
each party specified and the allocation
of service fee/expenses fully supported
and documented.

§ 704.17 State-chartered corporate
credit unions.
(a) This part does not expand the
powers and authorities of any state-
chartered corporate credit union, be-
yond those powers and authorities pro-
vided under the laws of the state in
which it was chartered.
(b) A state-chartered corporate
credit union that is not insured by the
NCUSIF, but that receives funds from
federally insured credit unions, is con-
sidered an “institution-affiliated
party” within the meaning of Section
206(r) of the Federal Credit Union Act,
(c) NCUA will notify, consult with,
and provide explanation to the appro-
priate state supervisory authority be-
fore taking administrative action
against a state-chartered corporate
credit union.

§ 704.18 Fidelity bond coverage.
(a) Scope. This section provides the fi-
delity bond requirements for employ-
ees and officials in corporate credit
unions.
(b) Review of coverage. The board of
directors of each corporate credit
union shall, at least annually, care-
fully review the bond coverage in force
to determine its adequacy in relation
to risk exposure and to the minimum
requirements in this section.
(c) Minimum coverage; approved forms.
Every corporate credit union will
maintain bond coverage with a com-
pany holding a certificate of authority
from the Secretary of the Treasury. All
bond forms, and any riders and en-
dorsements which limit the coverage
provided by approved bond forms, must
receive the prior written approval of
NCUA. Fidelity bonds must provide
coverage for the fraud and dishonesty
of all employees, directors, officers,
and supervisory and credit committee
members. Notwithstanding the fore-
going, all bonds must include a provi-
sion, in a form approved by NCUA, re-
quiring written notification by surety
PC150 to NCUA:
(1) When the bond of a credit union is
terminated in its entirety;
(2) When bond coverage is termi-
nated, by issuance of a written notice,
on an employee, director, officer, su-
pervisory or credit committee member;
or
(3) When a deductible is increased
above permissible limits. Said notifica-
tion shall be sent to NCUA and shall
include a brief statement of cause for
termination or increase.
(d) Minimum coverage amounts. (1) The
minimum amount of bond coverage
will be computed based on the cor-
porate credit union’s daily average net
assets for the preceding calendar year.
The following table lists the minimum
requirements:

<table>
<thead>
<tr>
<th>Daily average net assets</th>
<th>Minimum bond (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50 million</td>
<td>$1.0</td>
</tr>
<tr>
<td>$50–$99 million</td>
<td>2.0</td>
</tr>
<tr>
<td>$100–$499 million</td>
<td>4.0</td>
</tr>
<tr>
<td>$500–$999 million</td>
<td>6.0</td>
</tr>
<tr>
<td>$1.0–$1.999 billion</td>
<td>8.0</td>
</tr>
<tr>
<td>$2.0–$4.999 billion</td>
<td>10.0</td>
</tr>
<tr>
<td>$5.0–$9.999 billion</td>
<td>15.0</td>
</tr>
<tr>
<td>$10.0–$24.999 billion</td>
<td>20.0</td>
</tr>
<tr>
<td>$25.0 billion plus</td>
<td>25.0</td>
</tr>
</tbody>
</table>

(2) It is the duty of the board of di-
rectors of each corporate credit union
to provide adequate protection to meet
its unique circumstances by obtaining,
when necessary, bond coverage in ex-
cess of the minimums in the table in
paragraph (d)(1) of this section.
(e) Deductibles. (1) The maximum
amount of deductibles allowed are
based on the corporate credit union’s
core capital ratio. The following table
sets out the maximum deductibles, ex-
cept that in each category the max-
imum deductible shall be $5 million: