

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 unless the context indicates otherwise. Many additional definitions appear in the parts where the terms are used.

[78 FR 32543, May 31, 2013]

§ 700.2 Definitions.

As used in this chapter:

Act means the Federal Credit Union Act (12 U.S.C. 1751, *et seq.*).

Administration means the National Credit Union Administration.

Board or *NCUA Board* refer to the Board of the National Credit Union Administration.

Credit union means a nonprofit financial cooperative chartered under the Federal Credit Union Act or under the laws of any State, the District of Columbia, the several territories and possessions of the United States, or the Commonwealth of Puerto Rico, which laws provide for the organization of financial cooperatives similar in principle and objectives to cooperatives chartered under the Federal Credit Union Act.

Federally insured credit union means any credit union whose member accounts are insured by NCUA according to the provisions of Title II of the Federal Credit Union Act (12 U.S.C. 1782 *et seq.*).

Insolvency. (1) 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 rea-

sonable 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.

NCUA refers to the National Credit Union Administration.

Net worth. Unless otherwise noted, the term “net worth,” as applied to credit unions, has the same meaning as set forth in § 702.2 of this chapter.

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.

ONES credit union means a credit union subject to supervision by the Office of National Examinations and Supervision (ONES) and includes tier II and tier III credit unions, as defined under part 702 of this chapter. Tier I credit unions are subject to supervision by the appropriate Regional Office.

Paid-in and unimpaired capital and surplus or *unimpaired capital and surplus* mean 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.

Regional Director means the representative of NCUA in the designated geographical area in which the office of the federally insured credit union is located or, for ONES credit unions, the

Pt. 701

Director of the Office of National Examinations and Supervision.

Regional Office means the office of NCUA located in the designated geographical areas in which the office of the federally insured credit union is located or, for ONES credit unions, the Office of National Examinations and Supervision.

State means a state of the United States, the District of Columbia, any of the several territories and possessions of the United States, and the Commonwealth of Puerto Rico.

Troubled condition means: (1) In the case of an insured natural person credit union:

(i) A federal credit union that has been assigned a 4 or 5 CAMELS composite rating by NCUA; or

(ii) A federally insured, state-chartered credit union that has been assigned a 4 or 5 CAMELS composite rating by either NCUA, after an on-site contact, or its state supervisor; or

(iii) A federal credit union or a federally insured, state-chartered credit union that has been granted assistance under section 208 of the Federal Credit Union Act, 12 U.S.C. 1788, that remains outstanding and unextinguished.

(2) In the case of an insured corporate credit union:

(i) A Federal credit union that has been assigned a 4 or 5 CAMELS rating by NCUA; or

(ii) A federally insured, state-chartered credit union that has been assigned a 4 or 5 CAMELS rating by either NCUA, after an on-site contact, or its state supervisor; or

(iii) A Federal credit union or a federally insured, state-chartered credit union that has been granted assistance under section 208 of the Federal Credit Union Act, 12 U.S.C. 1788, that remains outstanding and unextinguished.

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. Redesignated and amended at 66 FR 65624, Dec. 20, 2001; 86 FR 59288, Oct. 27, 2021]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting §700.2, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and at www.govinfo.gov.

12 CFR Ch. VII (1-1-25 Edition)

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

Sec.

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

701.2 Federal credit union bylaws.

701.3 Member inspection of credit union books, records, and minutes.

701.4 General authorities and duties of Federal credit union directors.

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]

701.19 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 participations.

701.23 Purchase, sale, and pledge of eligible obligations.

701.24 Refund of interest.

701.25 Loans to credit unions.

701.26 Credit union service contracts.

701.27-701.29 [Reserved]

701.30 Services for nonmembers within the field of membership.

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.

701.35 Share, share draft, and share certificate accounts.

701.36 Federal credit union occupancy and disposal of acquired and abandoned premises.

701.37 Treasury tax and loan depositaries; depositaries and financial agents of the Government.

701.38 Borrowed funds.

701.39 Statutory lien.

APPENDIX A TO PART 701—FEDERAL CREDIT UNION BYLAWS

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

AUTHORITY: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1758, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1785, 1786, 1787, 1788, 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.