

The Credit Union Regulatory Improvements Act

Side by Side Comparison

	110th Congress	109th Congress	108th Congress	Current Law
1. Business Lending				
a. Aggregate Cap	Same	Same	20 percent of assets	1.75 x net worth ratio, not to exceed 12.25 percent of assets.
b. Business Loan Exemption	Same	Same	Loans less than \$100,000 are no longer counted as business loans.	Excludes loans under \$50,000.
c. Faith-based Loans	Same	Same	Excluded from aggregate limit.	
d. Undercapitalized CUs	Same	Same	Can make additional business loans with approval.	Prohibited from increasing business loans.
2. Net Worth Ratio				
a. Leverage Ratio	Net worth ratio of 5.25 percent of total assets to be well-capitalized. Subtracts investment in the NCUSIF from leverage ratio.	Net worth to total asset ratio of 5 Percent to be well capitalized. Subtracts investment in NCUSIF from leverage ratio.	Replaced leverage ratio with net worth to risk asset ratio of 7 Percent to be well-capitalized. Minimum leverage ratio is 2 percent.	Net worth to total asset ratio of 7 Percent to be well capitalized.
b. Risk-based capital	Imposes a minimum risk-based net worth ratio of 10 percent to be well-capitalized for all credit unions. NCUA Board will design a system comparable to that for FDIC-insured institutions.	Imposes minimum risk-based capital ratio of 8 percent on all credit unions. NCUA Board will design the risk-based capital standard.		Risk-based capital for complex credit unions. NCUA defines complex CUs.

**The Credit Union Regulatory Improvements Act
Side by Side Comparison**

	110th Congress	109th Congress	108th Congress	Current Law
3. Conversion to MSB	Requires at least 30 percent of members to participate in the vote. Prohibits using and providing any incentives associated with the vote. Requires a special meeting to provide information regarding the proposal at least 30 days before making the ballots available to the members.	Same	Requires at least 20 percent of credit union membership to participate in a vote to convert to a mutual savings bank.	A majority of those voting must approve the conversion proposal, with no minimum requirement for voting participation.
4. CUSO Investment Limit	2 percent of paid-in and unimpaired capital and surplus.	Same	3 percent of insured shares and undivided earnings.	1 percent of insured shares and undivided earnings.
5. Leasing Activities	Same	Same	Expands the permissible activities to include the leasing of space in credit union offices, if the building is located in an underserved area.	Credit unions may lease excess space on if it plans to take over the entire property.
6. Voluntary Mergers	Same	Same	Waives the 3,000 member limitation in the case of voluntary mergers.	The 3,000 member limitation is waived only in the instance of involuntary mergers.

The Credit Union Regulatory Improvements Act

Side by Side Comparison

	110th Congress	109th Congress	108th Congress	Current Law
7. Conversion to Community Charter	Same	Same	Allows hybrid charter by allowing multiple group CU to convert to a community charter and continue to serve existing SEGs.	Only existing members are allowed to continue membership in the instance of a credit union converting to a community charter.
8. Pre-Merger Notification	Same	Same	Exempt (comparable to banks and savings associations).	CUs are not exempt.
9. Credit Union Governance				
a. Member Expulsion	Same	Same	Grants FCU boards the authority to expel members for just cause, including a member who is disruptive to the operations of the credit union.	2/3rds vote of membership present at a special meeting.
b. Board Compensation	Dropped	Same	Reimburse members for wages forfeited due to participation in FCU affairs. Not treated as compensation.	Cannot compensate board members for lost wages.
c. Board Service	FCU may limit the number of consecutive terms any person serves on the a FCU's board of directors.	Same	Limits the length of service.	No time limit.

The Credit Union Regulatory Improvements Act

Side by Side Comparison

	110th Congress	109th Congress	108th Congress	Current Law
10. Federal Securities Law	Dropped	Same	Grants credit unions an exemption from broker-dealer and investment adviser registration under federal securities laws.	Not exempt from broker-dealer and investment adviser registration under federal securities laws.
11. Interest Rate Ceiling	Same	Same	Allows FCUs to exceed the statutory interest rate ceiling if the NCUA determines that interest rates have risen over the last 6 months or prevailing interest rates threaten the safety and soundness of credit unions.	Does not permit credit unions to impose an interest rate more than 15 percent unless NCUA determines that rates have risen over the last 6 months and safety and soundness is threatened.
12. Investment Authority	Same	Same	NCUA authorized to approve by regulation additional investment authority for credit unions.	Limits credit unions' investment authority to loans, government securities and certain other limited investments.
13. Underserved Area a. Who can add?	All FCUs	No Language	No language	Only multiple group CUs can add.

The Credit Union Regulatory Improvements Act

Side by Side Comparison

	110th Congress	109th Congress	108th Congress	Current Law
b. Underserved Area Defined	An underserved area means a geographic area of one or more population census tracts located in an investment area as defined by section 103(16) of the Community Development Banking and Financial Institutions Act of 1994 or is a low income community as defined by section 45D(e) of the Internal Revenue Code of 1986.	No Language	No language	Is an investment area as defined by section 103(16) of the Community Development Banking and Financial Institutions Act of 1994 and meets additional requirements as the Board may impose.
c. Branch Requirement	Establish a branch not later than 2 years after the addition of the underserved community.	No Language	No Language	A credit union must establish and maintain an office or facility in the underserved area
14. Loan Maturity Limit	Authorizes the NCUA Board to establish longer maturities for certain loan products not specified by statute.	Same. Dropped (Enacted as part of Reg Relief Bill in 109th Congress).	15 years	12 years

The Credit Union Regulatory Improvements Act

Side by Side Comparison

	110th Congress	109th Congress	108th Congress	Current Law
15. Check Cashing	Dropped (Enacted as part of Reg Relief Bill in 109th Congress).	Same	Permits FCUs to provide check cashing and electronic fund transfer service and to sell traveller checks and money orders to anyone eligible to become a member of the credit union.	Service only available to CU members.