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ABA STATEMENT ON NCUA BUSINESS LOAN RULE

By Edward L. Yingling, executive vice president

“The National Credit Union Administration (NCUA) today adopted a final rule to make it easier for credit unions to engage in business lending. ABA strongly opposes this rule because it contradicts Congressional intent to limit business lending by credit unions.

“However, the final rule scales back the scope of the original proposal and the modifications reflect concerns expressed by ABA. Specifically, the proposed rule makes it more difficult for credit unions to circumvent the aggregate business loan cap by swapping business loans.

“Although we are pleased that NCUA scaled back its original proposal, we believe this is part of a slippery slope. The door is still left open for credit unions to abuse the rule and circumvent the aggregate business loan cap. As a Federal regulator, NCUA will have to show it takes the congressionally mandated cap seriously.”

The ABA brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership — which includes community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks makes ABA the largest banking trade association in the country.