

Credit Union Hot Topics



Credit Union Hot Topics is a list of issues that have the potential to significantly impact credit union operations. They are listed in order of importance – based on impact to credit unions and time sensitivity. Notations of “federal issue” or “state issue” indicates at what level the decision will be made – this does not refer to charter type. **Feel free to share this list with your board and senior staff.**

If you would like to provide feedback, contact MCUA: Amy McLard at amclard@mcua.org or Peggy Nalls at pnalls@mcua.org.

Highlighted information is new this week.



Posted: December 20, 2011

Credit/Debit Card Interchange Fees (federal issue)

The issue in brief: The interchange amendment in the Dodd-Frank Financial Reform Act instructed the Federal Reserve to create a rule for debit interchange. The rule was scheduled for release on April 21, with the rule to take effect on July 21. However, the Federal Reserve delayed their release of the final rule and bills to delay implementation failed to pass. The Federal Reserve rules took effect October 1, 2011.

The impact for your credit union: Restricting the fees your credit union receives from the use of debit and credit cards could make it unprofitable to offer the service, or severely affect how competitive your credit union's debit and credit cards are in the marketplace.

Legislation associated with this issue: Introduced in March 2011: H.R. 1081, the Consumers Payment System Protection Act, S. 575 - the Debit Interchange Fee Study Act. These bills would have delayed implementation of the debit interchange (a.k.a. Durbin) amendment in the “Wall Street Reform and Consumer Protection Act,” also known as the “Dodd Frank Financial Reform Act.” H.R. 3156 was introduced in October 2011. It would “repeal the debit card interchange price control provisions of the Dodd-Frank

Recent Developments: December 20 - The omnibus appropriations bill passed by Congress includes language directing the Federal Trade Commission (FTC) to study the impact and effectiveness of the small issuer exemption to the debit interchange regulation. Specifically, the FTC is directed to report to Congress on the steps it has taken to ensure compliance by the payment card networks and to explain whether the FTC has any evidence that the payment card networks have taken steps to diminish the ability of credit unions to compete with large financial institutions in the debit card market, and if the payment card networks are taking such steps in coordination or collusion with large financial institutions. This language could be valuable in ensuring that the payment card networks continue to operate a two tier system and may help make the small issuer exemption more meaningful.

October 18 - U.S. Reps. Jason Chaffetz (R-Utah) and Bill Owens (D-N.Y.) introduced H.R. 3156, a bill to “repeal the debit card interchange price control provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and restore balance to the electronic payments system.”

October 4 - Bank of America announced implementation of a \$5 debit card fee per month, resulting in large media coverage of the debit interchange issue. Other banks are following suit. MCUA and member credit unions will address the issue and implications to consumers during Missouri Hike the Hill on October 5.

September 27 – Visa and MasterCard plan to increase merchant fees for small-ticket debit purchases to the full amount allowed under the Federal Reserve’s new debit interchange rules, which take effect October 1.

September 20 - There may be additional concerns regarding debit card interchange fees. Some networks may be working on changes to their fee structures to ensure they will be able to pay the largest issuers (those that are not exempt from the fee cap on debit interchange transactions) the full amount permissible under the Federal Reserve Board’s debit interchange regulation, about 24 cents per transaction. They may attempt this by slicing off some of the interchange fees they pay to smaller issuers that are not subject to the fee ceiling. In addition to following up with the Federal Reserve Board, CUNA is working in other ways to protect debit interchange fee income for credit unions with the Federal Reserve Board (Fed) and networks to ensure that a two-tiered system is provided for and maintained for small issuers. There is a new **confidential password protected [web submission form](#)** for credit unions to provide feedback on any experiences they may have had regarding merchants that have

engaged in prohibited practices. Merchants may not attempt to steer, refuse to accept, or frustrate the acceptance of debit cards due to the fact they were issued by credit unions or small issuers not subject to the debit interchange transaction fee cap. Earlier this week, the Fed released a [debit interchange compliance guide](#) for small financial institutions, including credit unions, which summarizes its debit card interchange fees and routing regulations. More information on the guide will come soon.

July 26 – On July 21, portions of the Dodd-Frank Act came into effect. More details are available under “Regulatory Restructuring.” The largest impact issue in the Act is the debit interchange fee cap.

July 12 – CUNA has provided a Final Rule Analysis on the debit interchange fee limits and the requirements for issuers to participate on two unaffiliated networks by April 1, 2012. To see the analysis, visit: https://www.mcu.org/files/smcustaft/22/file/Publications/2011MODifference/Interchange%20Analysis_063011.pdf CO-OP Financial Services is advising, “if your credit union is currently VISA-exclusive (VISA for signature and Interlink for PIN) or MasterCard-exclusive (MasterCard for signature and Maestro for PIN), you will need to add an unaffiliated PIN network (such as STAR, Pulse or NYCE)” but would not need to add a second signature network.

July 5 – The Federal Reserve Board adopted the final rule proposal on debit interchange at its meeting on June 29. The cap on debit interchange fees is 21 cents with an additional five basis points for fraud costs (called an *ad valorem* component). The new rule, which will take effect on October 1, changes the 12 cent cap in the proposed rule that was released in April. Issuer costs included in deriving the base component of the cap include: network connectivity costs; costs of hardware, software, and labor used to effect electronic debit transactions; network processing fees; and transaction monitoring costs. A portion of fraud losses incurred by issuers for particular electronic debit transactions are also included as an *ad valorem* component. A covered issuer eligible for the fraud-prevention adjustment could receive an interchange fee of up to approximately 24 cents for the average debit card transaction. The final rule is available at: http://www.federalreserve.gov/aboutthefed/boardmeetings/20110629_FINAL_RULE.BOARD_MEMO.06_22_2011_SGA.FINAL2.pdf

Also on June 29, the U.S. Court of Appeals for the Eighth Circuit refused TCF National Bank's request for a preliminary injunction to halt the Federal Reserve Board's debit interchange fee regulation. The court also denied as "meritless" TCF's claim that the law's small-issuer exemption for banks and credit unions with less than \$10 billion in assets violated the U.S. Constitution. TCF National Bank subsequently dropped the case it brought against the Fed.

June 28 - The Federal Reserve Board (FRB) has announced it will unveil its final rule on debit interchange at 2:30 p.m. on Wednesday, June 29.

June 10, 2011 – A credit union-supported amendment to delay implementation of the debit interchange language in the Dodd-Frank Act failed to pass on June 8, despite a majority vote of 54 to 45 in favor of the interchange delay effort. However, 60 votes are required. The Senate interchange language was amended on June 6 to delay the debit interchange for one year instead of two and incorporated a more detailed study of the impact. Both Sen. McCaskill and Sen. Blunt voted in support of the amendment. Missouri credit unions staff and volunteers are asked to thank Senators McCaskill and Blunt for their support of the debit interchange delay issue and encourage them to weigh in with the Federal Reserve before the final rule is issued: <http://capwiz.com/cuna/home/>.

May 27 – MCUA has issued a debit interchange action plan for contacts to Missouri's U.S. Senators between May 27 and June 3. Action plans were distributed to credit union presidents. For a copy, contact Tammy Parks at tparks@mcua.org.

May 20 – Sen. Jon Tester (D-MT), the sponsor of the Senate bill, announced a proposal to reduce the delay period from two years to 15 months on the Senate floor on May 18. He said the reduction would be introduced as an amendment when the issue was brought to the floor. The National Retail Federation announced a “60 Day Swipe Fee Reform” campaign to stall efforts to delay the interchange legislation.

May 6 – NCUA sent a letter to the Federal Reserve on April 29, summarizing an analysis NCUA performed on direct costs and income related to debit card transactions for credit unions of all sizes. CUNA has urged NCUA to re-examine their numbers, as it appears NCUA has underestimated the costs of debit card transactions, particularly for larger credit unions, by ignoring all direct costs and leaving out a significant portion of direct costs.

Credit unions are urged to continue their contacts to federal lawmakers after two weeks of in-district contacts, particularly to Missouri's nine U.S. representatives, and ask for their action to delay implementation of the debit interchange rule. As of May 3, Missouri credit unions show 1,674 contacts through the Grassroots Action Center with emails and phone calls. Visit: <http://capwiz.com/cuna/home/> and click on “Interchange (House) H.R. 1081.”

The “Call to Congress” asks credit union members to call U.S. House members using a **toll-free number, 877-422-3525**.

April 29 – Missouri credit unions are in week two of in-district meetings with federal lawmakers to discuss interchange and encourage them to cosponsor the bills. Meetings with U.S. Senator Roy Blunt (R) and U.S. Reps. Emerson (R-District 8); Long (R-District 7); Cleaver (D-District 5); Hartzler (R-District 4) and Carnahan (D-District 3) took place between April 18 – 28 in Missouri.

April 22 – The April 21 deadline for the Federal Reserve to release its final rule on debit interchange has passed, without the release of the information. In district meetings continue with Missouri’s members of Congress to urge their support of debit interchange delay legislation. On April 19, a U.S. appellate court approved Minnesota’s TCF Bank’s request for an expedited appeal of a lower court ruling denying a bid to block the Federal Reserve’s final rule. The U.S. Court of Appeals (Eighth Circuit) required the bank to file its brief by April 28 and the Fed to respond by May 12. TCF then has until May 23 to reply. Oral arguments would be held in June.

April 15 - Credit unions are urged to continue their efforts to contact House members regarding interchange. There are also social media opportunities to highlight this issue, including “Credit Unions on Interchange” via Facebook: <http://www.facebook.com/cusonintchg>; and a Twitter feed, @CUsonInterchang. A new feed, @JohnQLittleguy, will help respond to online discussion and misinformation. For tweets made about interchange or general credit union issues, please tag them with #creditunions, #swipefees and @intcg.

April 8 – Missouri credit unions are asked to take part in an action alert for interchange. In addition to contacts by credit union presidents/CEOs, credit unions are encouraged to use the Grassroots Action Center for staff and board members to contact House members who are not cosponsors of H.R. 1081. Visit: <http://capwiz.com/cuna/home/> and click on “Interchange (House) H.R. 1081.” The “Call to Congress” asks credit union members to call U.S. House members using a **toll-free number, 877-422-3525**. **Credit union contacts are requested by April 13.**

On April 4, a US District Court judge in South Dakota denied TCF National Bank’s bid for a preliminary injunction to stop the Federal Reserve’s debit interchange proposal from taking effect. The denial means the aspects of the TCF case challenging the Fed’s new rules under the interchange amendment will move forward in the courts to be considered on the merits, enabling the legal challenge to the Fed’s rule to continue once it is issued.

April 1 – U.S. Sen. Roy Blunt (R) signed on as a cosponsor to S. 575 on March 30. Credit union presidents/key contacts are asked to contact House members **by April 8**, asking them to support/ cosponsor H.R. 1081.

March 25- Missouri credit union presidents and key contacts are encouraged to contact Sen. Roy Blunt (R) by March 28 and urge him to cosponsor S. 575. See the March 25 edition of *The Missouri Difference* for a list of people who have made contact with Blunt’s office.

March 18 - Interchange bills introduced in the Senate and House this week each feature a Missouri cosponsor. Missouri U.S. Congressman Blaine Luetkemeyer (R-District 9), who serves on the House Financial Services Committee, is one of the original cosponsors of H.R. 1081, the Consumers Payment System Protection Act. H.R. 1081 was introduced by Rep. Shelly Moore Capito (R-WV) and would delay the interchange rule effective date for one year. For more details on the legislation, visit: <http://hdl.loc.gov/loc.uscongress/legislation.112hr1081> U.S. Senator Claire McCaskill (D) confirmed on March 17 she is a cosponsor for Senate Bill S. 575 - the Debit Interchange Fee Study Act. S. 575 was introduced by Sen. Jon Tester (D-MT) and would establish a two-year delay for the Federal Reserve’s proposal to implement the Dodd-Frank interchange provisions. For more details on the legislation, visit: <http://hdl.loc.gov/loc.uscongress/legislation.112s575>. MUA distributed legislation action plans to member credit union presidents on March 18. For more details, contact [Amy McLard](#).

On March 11, CUNA and other financial trade groups filed an amicus brief in the litigation, TCF National Bank v. Bernanke, challenging the constitutionality of the Interchange Amendment.

March 4 - A House Financial Services subcommittee held a hearing on the impact of the Dodd-Frank Act on March 2. Credit Union National Association (CUNA) President/CEO Bill Cheney testified at the hearing. Missouri credit union representatives viewed the hearing in person during the CUNA Governmental Affairs Conference and addressed debit interchange concerns with lawmakers during office visits.

Using the Grassroots Action Center, Missouri credit union representatives submitted 406 comments to the Federal Reserve Board by the February 22 deadline, opposing the proposed rule. The Missouri Credit Union

Association submitted a comment letter to the Federal Reserve Board, which is posted online: [www.mcua.org/files/smcustaft/22/file/Publications/PDF/2011.Debit Interchange.pdf](http://www.mcua.org/files/smcustaft/22/file/Publications/PDF/2011.Debit%20Interchange.pdf).

February 18 – A debit interchange hearing by the U.S. House Financial Services Subcommittee on Financial Institutions and Consumer Credit took place on February 17. U.S. Rep. Blaine Luetkemeyer (R-District 9) serves on the subcommittee, and U.S. Reps. William Lacy Clay (D-District 1) and Emanuel Cleaver II (D-District 5) participated in a portion of the hearing. A Senate Banking Committee hearing on the implementation of the Dodd Frank Act also took place on February 17. Many lawmakers in both hearings urged for a delay in implementation of the Federal Reserve's rules, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Comments are due by February 22, the Federal Reserve's final rule is due by April 21 and it goes into effect on July 21. To watch the Financial Services Subcommittee hearing, visit: <http://financialservices.house.gov/Hearings/hearingDetails.aspx?NewsID=1766> The credit union testimony of Frank Michael, president/CEO of Allied Credit Union (Stockton, CA) begins at 2:11:24. Visit: http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=c43953db-0fd7-43c3-b6b8-97e2d0da3ef7

February 11– The interchange meeting with U.S. Rep. Blaine Luetkemeyer has been rescheduled for February 23 at 10 a.m. in Jefferson City. The original meeting was cancelled due to a winter storm. Luetkemeyer will take part in a hearing on debit interchange by the U.S. House Financial Services Subcommittee on Financial Institutions and Consumer Credit, on February 17. The two other Missouri U.S. Representatives serving on the Financial Services Committee, William Lacy Clay (D-District 1) and Emanuel Cleaver II (D-District 5) wrote a letter to the Federal Reserve in support of holding a hearing. Missouri credit union representatives have submitted more than 200 comment letters using the Grassroots Action Center. Comments are due to the Federal Reserve by **February 22**.

January 28 – Missouri credit unions are meeting with U.S. Rep. Blaine Luetkemeyer on February 1 in Jefferson City to discuss debit interchange. Luetkemeyer is a member of the U.S. House Financial Services Subcommittee on Financial Institutions and Consumer Credit, which is expected to hold a hearing on the Federal Reserve's debit interchange proposal on February 17. The hearing is one step in the process toward securing additional time to correct the legislation. This hearing would give Congress the opportunity to establish a record that the carve-out will not work the way that the Federal Reserve is proposing to implement it, and for the Federal Reserve to concede that changes to the law are necessary in order to make the carve-out work.

January 14 - More than 100 Missouri credit union representatives have sent comments into the Federal Reserve regarding the debit interchange proposal, and more comments are needed. See below entry for contact information. The deadline for comments is **February 22**.

January 7 – Members of the House Financial Services Committee, including Missouri U.S. Reps. William Lacy Clay (D-District 1), Emanuel Cleaver (D-District 5) and Blaine Luetkemeyer (R-District 9), are being urged to hold a hearing on the debit interchange issue. MCUA met with lawmakers and staff on January 5 in Washington, D.C., and U.S. Rep. Clay indicated plans to write a letter supporting a hearing. To read the credit union request, visit: www.mcua.org/files/smcustaft/22/file/Publications/PDF/2011.CUNAIInterchangeHearingRequest.pdf. The Missouri Credit Union Association (MCUA) is asking credit union presidents/ managers to send a letter on behalf of their credit union directly to the Federal Reserve, with copies to U.S. Senators Claire McCaskill and Roy Blunt, U.S. Representatives that serve the credit union's field of membership, and MCUA at mcua@mcua.org. A congressional directory is available online at: www.congress.org/congressorg/directory/congdir.tt.

December 23 – Missouri U.S. Sen. Claire McCaskill joined 13 other senators in expressing concerns to the Federal Reserve proposal for debit interchange. Sen. McCaskill's letter is posted at: www.mcua.org/files/smcustaft/22/file/Publications/PDF/2010.McCaskill-Interchange.pdf. Credit union staff can view sample comment letters about the Fed's interchange proposal and write their own letter on the Grassroots Action Center at: <http://capwiz.com/cuna/issues/alert/?alertid=20946616&PROCESS=Take+Action>.

December 17 - Credit unions have until February 22 to comment on the Federal Reserve's proposed rules addressing interchange fees. The Federal Reserve (Fed) offered up its proposal during its meeting on December 16. The Fed has offered dueling frameworks for assessing the interchange fees. One would provide issuers with a safe harbor of seven cents per transaction, and sets a maximum interchange fee cap of 12 cents per transaction. An alternative framework would simply cap the maximum interchange fee at 12 cents per transaction. These options would be reevaluated by the Fed every two years. Under the Dodd-Frank Act, the final debit interchange rule is supposed to be final by April 21, 2011. The Fed included costs related to switching and data processing, but did not include fraud prevention costs in its interchange rate determination. The Fed did examine

fraud costs, however. The proposal also does not require payment networks to establish a two-tiered system. If the Board adopts either of these proposed standards in the final rule, the maximum allowable interchange fee received by covered issuers for debit card transactions would be more than 70 percent lower than the 2009 average, once the new rule takes effect on July 21, 2011. For more information, visit: www.federalreserve.gov/newsevents/press/bcreg/20101216a.htm

December 10 –CUNA, with the Interchange Working Group, sent information to the Federal Reserve Board regarding concerns with implementation of the debit card interchange fee amendment. Here is a link to the document: http://cuna.org/download/cl_120910.pdf.

October 15 – TCF National Bank brought legal action against the Federal Reserve on October 12. (The Federal Reserve is the agency charged with implementing the interchange fee legislation.) The bank called the legislation “unconstitutional” because it only applies to banks of a certain size and does not allow recovery of cost and profit for affected financial institutions. TCF also cited a lack of legislative history for the amendment. A single hearing was held in the weeks leading up to the financial reform legislation vote, and the interchange legislation had little debate in Congress prior to its passage. The federal government has 60 days to respond to the complaint. TCF will file a motion for a preliminary injunction within a few weeks, and will ask the court for an expedited judgment.

October 4 – Visa and MasterCard announced a settlement with the Department of Justice and seven states regarding their merchant acceptance rules involving merchants’ “steering” consumers to less expensive payment forms. As part of the settlement, Visa stated it will allow U.S. merchants to offer discounts and other incentives to steer customers to a particular form of payment, including a specific network brand or card product such as a “non-reward” Visa credit card. However, Visa states that the agreement does not allow U.S. merchants to pick and choose among issuing financial institutions. It is not yet determined what the impact of this settlement may have on the two-tier debit interchange system of the Dodd-Frank Act and the Federal Reserve’s rules implementing the new law.

August 27 – CUNA hosted an audio conference call on key provisions of the Dodd-Frank act August 24-25. The audio conference call series will be archived for those who were unable to participate at: www.cuna.org.

Status: There are bills introduced in both the House and Senate. <http://thomas.loc.gov>

Helpful links: Interchange resources: <http://www.cuna.org/initiatives/interchange/>

The GAO interchange report is available at: www.gao.gov/new.items/d1045.pdf.



Posted: November 29, 2011

Lifting the Member Business Lending Cap (*federal issue*)

The issue: All federal and federally insured credit unions can hold a maximum of 12.25% of their assets in member business loans (MBL). This restricts the ability of credit unions to fully serve their memberships. The 2011 Senate and House bills lift the cap to 27.5%.

The impact for your credit union: If the cap is raised or eliminated, credit unions could reach out to more small business owners.

Legislation associated with this issue: S.509, the Small Business Lending Enhancement Act and H.R. 1418, the Small Business Lending Enhancement Act.

Recent Developments: November 29 – MCUA has issued a call to action on the member business lending issue. Write your member of Congress and both Senators, urging their support. Visit: <http://capwiz.com/cuna/home/>.

November 22 – CUNA President/CEO Bill Cheney testified at the Financial Services subcommittee hearing for H.R. 1697, the Communities First Act, which is a community bankers’ bill sponsored by U.S. Rep. Blaine Luetkemeyer (R-District 9). During the hearing, lawmakers were urged to put provisions of the banker bill with provisions of H.R. 1418, the member business lending bill, to provide substantive regulatory relief for both credit unions and community banks.

October 18 – Missouri U.S. Rep. Blaine Luetkemeyer (R-District 9) publicly questioned the MBL bill and credit unions’ tax status during the October 12 subcommittee hearing. While providing testimony at the hearing, National Credit Union Administration Chairman Debbie Matz used examples provided by Missouri credit unions during our meeting with her at Hike the Hill.

October 11 – MCUA has issued an action alert in advance of the October 12 member business lending hearing by the House Subcommittee on Financial Institutions and Consumer Credit on H.R. 1418. Write your member(s) of Congress at <http://capwiz.com/cuna/issues/alert/?alertid=50328506> by 1 p.m. October 12.

On October 6, U.S. Rep. Todd Akin (R-District 2) signed on as a cosponsor to H.R. 1418. He becomes the third Missouri Congressman on the bill. The MBL hearing will feature testimony from a California credit union president and National Credit Union Administration Chairman Debbie Matz.

October 4 – U.S. Rep. William Lacy Clay (D-District 1) signed on as a cosponsor to H.R. 1418 on October 3. Clay and U.S. Rep. Russ Carnahan (D-District 3) are the two Missouri cosponsors of the bill.

September 27 – The U.S. House Subcommittee on Financial Institutions and Consumer Credit will hold a hearing on H.R. 1418 – the Small Business Lending Enhancement Act - on October 12 at 2 p.m. Missouri U.S. Rep. Blaine Luetkemeyer (R-District 9) is a member of the subcommittee. H.R. 1418 and the Senate bill, S. 509, would lift the member business lending (MBL) cap from the government-imposed 12.25% of assets restriction to 27.5%. MCUA sent a call to action for contacts in advance of the October 12 hearing to credit unions with members in Financial Services Committee members' districts, including U.S. Reps. William Lacy Clay (D-District 1), Emanuel Cleaver (D-District 5), and Luetkemeyer.

September 6 – Credit unions met with U.S. Rep. Billy Long (R-District 7) and U.S. Rep. Vicky Hartzler (R-District 4) in Springfield on August 31 and Jefferson City on September 1, respectively. MCUA staff met with Senators Claire McCaskill (D) and Roy Blunt (R) district staff in Springfield as well. Discussions centered around the MBL legislation.

August 30 - A meeting with U.S. Rep. Emanuel Cleaver (D-District 5) took place on August 24 in Kansas City. He indicated support for the MBL bill.

August 16 – In district meetings with U.S. Rep. Blaine Luetkemeyer (R-District 9) and the Jefferson City district office staff for Senator Roy Blunt (R) took place on August 11. The meetings focused on MBL. Meetings in Senators Blunt and Claire McCaskill's (D) Columbia offices are scheduled for August 19.

August 9 – Missouri credit union leaders are taking part in in-district meetings with Missouri's Congressional delegation during the August recess, focusing on member business lending. Meetings have included: U.S. Reps. William Lacy Clay (D-District 1), Russ Carnahan (D-District 3), Sam Graves' (R-District 6) chief of staff Tom Brown and Kansas City district office staff for Senators Claire McCaskill (D) and Roy Blunt (R). Additional meetings are planned.

July 19 – Missouri credit unions met with Sen. Claire McCaskill (D) to discuss the member business lending legislation, along with other issues, on July 18.

July 12 – Missouri credit unions held a conference call with a staff member for Sen. Roy Blunt (R) to discuss the member business lending legislation and issues on July 7.

June 28 - U.S. House Small Business Committee held a hearing entitled, "The State of Small Business Access to Capital and Credit," and featuring the testimony of Treasury Secretary Timothy Geithner on June 22. MCUA sent a letter to Missouri Congressman Sam Graves (R-District 6, who chairs the committee, as well as letters to Missouri's U.S. Senators Claire McCaskill (D) and Roy Blunt (R), highlighting the member business lending opportunities that credit unions could provide to small businesses. MCUA is also asking the U.S. House Small Business Committee to conduct an oversight hearing on whether or not the banking industry is appropriately utilizing the \$30 billion in federal funds provided last year for the purpose of stimulating small business lending.

June 21 – The U.S. Senate Banking Committee held a hearing on June 16 to discuss member business lending. National Credit Union Administration Chairman Debbie Matz and Credit Union National Association President/CEO Bill Cheney both testified. An archive of the hearing and written testimony is available at: http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_id=b7bbcf1d1-b878-46fa-823a-5e05efb2af54 (link active as of June 20). In advance of the hearing, the Independent Community Bankers of America circulated a letter to U.S. Senators in opposition and asked their members to send letters as well. Credit unions that have not shared support of MBLs with Missouri's U.S. Senators Claire McCaskill (D) and Roy Blunt (R) can do so by visiting: <http://capwiz.com/cuna/issues/alert/?alertid=34082506>.

June 10, 2011 – The U.S. Senate Banking Committee has scheduled a hearing on June 16 to discuss member business lending.

April 8 – H.R. 1418, a House version of legislation that would lift the credit union member business lending (MBL) cap to 27.5% of total assets was introduced this week, with Reps. Ed Royce (R-Calif.) and Carolyn McCarthy (D-N.Y.) serving as the leading co-sponsors. Missouri Congressman Russ Carnahan (D-District 3) is an original co-sponsor. The bill is known as the Small Business Lending Enhancement Act. The bill is similar to Senate legislation offered by Sens. Mark Udall (D-Colo.) and Olympia Snowe (R-Maine) last month.

April 1- As part of the updated action plan released March 31, credit unions who do business loans or would like to do business loans in the future are asked to make contact with Missouri's U.S. Senators and ask for them to cosponsor S. 509.

March 18 – On March 16, Sen. Mark Udall (D-CO) proposed to file the text of his S. 509 MBL bill as an amendment to S. 493, the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Reauthorization Act of 2011. It has not been determined if the MBL language meets the Senate's strict rules for germaneness in order to be attached to the core bill,

March 11, 2011 - S.509, the Small Business Lending Enhancement Act, was introduced by Sen. Mark Udall (D-CO) on March 8. This legislation is identical to the language that the Treasury Department endorsed last year. Specifically, the legislation raises the member business lending cap to 27.5% of total assets for credit unions including those which are well capitalized; are at or above 80 percent of the current MBL cap for one year prior to applying for the higher cap; have 5 or more years of MBL experience; can demonstrate sound underwriting and servicing based on historical performance; have strong management, adequate capacity and have policies to manage increased MBLs; and, receive approval from the National Credit Union Administration (NCUA). The Missouri Credit Union Association has contacted both Missouri U.S. Senators.

Acronyms associated with this issue: MBL: member business loan

Helpful links: www.mcua.org; www.cuna.org; <http://thomas.loc.gov>



Posted: December 20, 2011

NCUA Corporate Stabilization Program (NCCUSP) (*federal issue*)

The issue: Due to the write-down in value of investments that contain mortgage-backed securities at U.S. Central and other corporate credit unions across the country, the National Credit Union Administration (NCUA) is assessing all federally insured credit unions for two purposes:

- 1) To stabilize the share insurance fund
- 2) To replenish the share insurance fund. Congress increased NCUA's borrowing authority to \$6 billion and established \$30 billion NCUA emergency borrowing authority to assure that credit unions have access to the necessary funding to maintain our level of service to members.

Impact to your credit union: Your credit union is being assessed additional National Credit Union Share Insurance Fund (NCUSIF) premiums. The amount will vary based on ongoing assessments of the corporate credit union network's asset valuations.

Recent developments: December 20 – At the December 15 NCUA board meeting, the Temporary Corporate Credit Union Stabilization Fund reported total assets of over \$5.9 billion with \$3.5 billion in borrowings from the U.S. Treasury and a net position of negative \$3.9 billion for November 2011.

November 22 – The NCUA Board voted on its 2012 budget on November 16, adopting a 5.1% increase. In discussions about the 2012 Temporary Corporate Credit Union Stabilization Fund (TCCUSF) assessment, the range is estimated to be 8-11 basis points. Chairman Debbie Matz announced no 2011 National Credit Union Share Insurance Fund premium, and indicated that while the agency does not anticipate a premium for 2012, it nonetheless is setting a range of 0-6 basis points for a potential premium next year in case greater problems in natural person credit unions materialize.

November 14 – On November 13, the NCUA Board reached settlements totaling \$165.5 million with Citigroup (\$20.5 million) and Deutsche Bank Securities (\$145 million) in lawsuits regarding the sales of residential mortgage-backed securities to five corporate credit unions that failed. The money will be used to lower the future costs to credit unions for the corporate stabilization program. Three more lawsuits are pending.

The NCUA board is slated to vote on its budget on November 16. NCUA is projecting that next year's assessment for the corporate stabilization program will be between 8 and 11 basis points. The assessment for the NCUSIF will be between zero and 7 basis points, with the hopes that there won't have to be one.

August 30 –The NCUA Board approved an assessment of 0.25% of insured shares to help pay principal and interest on bonds issued by corporate credit unions during its meeting on August 29. The total assessment for the Temporary Corporate Credit Union Stabilization Fund will be \$1.96 billion. The primary payments the Stabilization Fund needs to make this year include \$2 billion on notes that come due in October.

August 16 – The NCUA filed a lawsuit seeking damages of more than \$491 million and alleging misrepresentations by Goldman Sachs when selling mortgage-backed securities to U.S. Central and WesCorp on August 9. This is the fourth lawsuit filed by NCUA in connection with the collapse of five corporate credit unions.

August 9 – The NCUA did not receive \$500 million in pledges for the proposed Voluntary Prepayment of Corporate Stabilization Fund Assessment, and therefore will not launch the program.

August 2 – The deadline for credit unions to pledge their commitment to the NCUA's proposed prepayment plan was July 29. NCUA will announce on August 9 whether it has received the \$500 million in commitments the agency is requiring to move forward with the program.

July 19 – NCUA filed a lawsuit seeking \$685 million in damages from RBS Securities for mortgage-backed securities sold to Western Corporate Federal Credit Union (WesCorp). This is the third lawsuit filed by NCUA stemming from the collapse of five corporate credit unions, and the second against RBS. NCUA plans to file between five and ten lawsuits.

July 12 – NCUA has finalized its Voluntary Prepayment Plan for Corporate Stabilization Assessments, and credit unions have until July 29 to decide whether to participate in it. Please direct questions about the prepayment program to Peggy Nalls at pnalls@mcua.org or 800-356-7088.

July 5 – The NCUA board voted on June 29 to go forward with the prepayment assessment program (*for more details on the program, see May 20 entry*). The Board set the maximum size of the program at \$500 million. NCUA will not go forward with the program if that level is not reached. If the level **IS** reached (6.4 basis points of insured shares), the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) assessment for 2011 will be 18.5 basis points, as opposed to 24 basis points without the prepaid plan.

June 21– The National Credit Union Administration filed two suits against securities firms J.P. Morgan Securities, LLC, and RBS Securities, Inc. on June 20, alleging violations of federal and state securities laws and misrepresentations in the sale of hundreds of securities. Additional law suits may follow in order to recover losses from the purchase of securities that caused the failures of five, large wholesale credit unions. Any recoveries from these legal actions would reduce the total losses resulting from these failures, which must be paid from the Temporary Corporate Credit Union Stabilization Fund or the National Credit Union Share Insurance Fund. Expenditures from these funds must be repaid through assessments against all federally insured credit unions. Thus, any recoveries would help to reduce the amount of future assessments on credit unions.

May 27 - During a May 26 webcast on the proposal to allow credit unions to prepay some of their assessments, NCUA officials stated that if current trends hold, the NCUA isn't likely to have to levy a premium to shore up the NCUSIF this year. In addition, assessments to repay the corporate credit union rescue could be reduced if there is sufficient participation in the prepayment plan.

May 20 – At its May 19 board meeting, NCUA announced that this year's corporate stabilization will likely be around 25 basis points (bp) of insured shares, with next year's around 13 bp. This is because the \$8.5 billion of obligations of the Fund exceeds the \$6 billion line of credit from Treasury being used to spread the stabilization fund costs over 11 years. NCUA has decided to keep \$0.5 billion of the Treasury line unused, in reserve. Unless loss estimates change in the future, credit union assessments must total around \$3 billion in the next two years (average of \$1.5 billion/year), and \$5.5 billion in the following nine years (average of \$660 million/year). While it cannot charge a mandatory prepaid assessment to all credit unions, NCUA has developed a plan to allow credit unions to prepay some of their corporate stabilization assessments on a voluntary basis. Details of the proposal are below:

- To the extent there is voluntary participation in the prepaid assessment program, there will be a reduction in the assessments all credit unions will be required to pay in 2011 and 2012.
- Subject to some limitations, NCUA will permit a credit union to prepay corporate stabilization assessments by up to 36 bp of insured shares this year. The minimum amount a credit union could advance would be \$10,000.
- Prepayments would then become an "account" (a prepaid asset) from which actual assessments in 2013 and 2014 and later could be paid. Essentially, these prepayments would amount to interest free loans to the Stabilization Fund, and would reduce the size of the required assessments in 2011 and 2012. Prepayments would be an asset purchase rather than an expense, and would not be expensed until used to cover

assessments in 2013 and beyond. NCUA will solicit interest by credit unions in the program before finalizing it. If "subscriptions" by credit unions total less than \$300 million, the program will not be implemented.

- CUNA estimates that if all eligible credit unions participate to the maximum extent permitted, the 2011 assessment to all credit unions would be around 10 bp instead of 25 bp. Next year's assessment would likely be around 10 bp instead of 13 bp. Subsequent assessments would likely be around 9 bp and would gradually decline as total insured shares in credit unions grow. (This assumes no change in the expected losses on the legacy asset portfolios over the life of the program and using the full 11 years of the stabilization fund to cover the costs.)
- Participation by any credit union would essentially involve granting the corporate stabilization fund an interest free loan for a few years. At current interest rates, there would not be substantial opportunity costs, but rates could be higher next year and the year after.
- CUNA is preparing an analysis of the proposal, which will provide information on how much assessment rates are likely to adjust assuming different levels of participation by credit unions.

NCUA is urging credit unions to let them know: 1) whether credit unions are willing to participate in the program; 2) suggestions for improvements; 3) accounting considerations; and 4) any public policy concerns. **Credit unions are urged to review NCUA's proposal, consider whether they want to support the program, consider whether revisions are called for and let NCUA know as soon as they can whether the program should be adopted.** Comments to NCUA should be directed to regcomments@ncua.gov; questions to NCUA should be directed to Wendy Angus, Director of Risk Management, 703-518-6363.

NCUSIF AND TCCUSF - NCUA's documentation for its NCUSIF report continues to indicate that the agency is not anticipating a NCUSIF premium for this year. The TCCUSF reported approximately \$7.2 million in earned revenues and \$825,293 in operating expenses in April, resulting in more than \$6 million in surplus from its operations.

May 13 – The Credit Union National Association has released its analysis of the NCUA's final rule on corporate credit unions, released on April 21. Accessing [CUNA's Final Rule Analysis](#) requires a CUNA ID and password. Contact [Luke Martone](#) with any questions.

April 22 – At its April 21 meeting, the NCUA board removed the two most controversial provisions from the final rule on corporate credit unions' internal risk management, reporting and corporate governance requirements. The two removed provisions would have 1) limited natural person credit unions' membership to only one credit union; and 2) resulted in a virtual requirement that all entities using the services of a corporate CU contribute to the Corporate Stabilization Fund, including entities that are not federally insured or financial institutions. The new final rule for corporate credit union imposes five categories of additional requirements on corporates:

- Requiring CCUs to conduct all board of director votes as recorded votes and include the "no" votes or abstentions of individual directors in the meeting minutes;
- Incorporating audit, reporting, and audit committee practices that are modeled on Federal Deposit Insurance Corporation (FDIC) requirements and the Sarbanes-Oxley Act (such as ensuring that material accounting adjustments conform to Generally Accepted Accounting Principles (GAAP), requiring an annual management report signed by the CCU's CEO, CFO, or Chief Accounting Officer, filing its annual report and accounting reports with NCUA, etc.);
- Requiring CCUs to establish enterprise-wide risk management (ERM) committees staffed with at least one independent risk management expert;
- Allowing CCUs to charge their members reasonable one-time or periodic membership fees (without a membership vote on the fees; a CCU will be able to expel any member that does not pay a required membership fee within 60 days of the fee's invoice date); and
- Requiring the disclosure of compensation received from a CCU CUSO by certain highly compensated CCU executives. "At this time, the Board has not such intent" to apply these requirements to natural person credit unions, according to the Supplementary Information accompanying the final rule.

Some provisions of the rule, such as those on CCU board responsibilities (e.g., recording "no" votes), disclosure of CCU executives' CUSO-related income, and CCUs' ability to impose membership fees will be immediately effective upon publication in the *Federal Register*. The Board, however, approved delayed effective dates for the following final rule requirements:

- The effective date of the audit and reporting requirements will generally be January 1, 2012, but some management reporting requirements will not apply until January 1, 2013. The requirement for an assessment by an independent public accountant will not be effective until January 1, 2014.

- The ERM provisions will be effective 24 months after the final rule's publication in the *Federal Register* (i.e. in or about April 2013).
- The effective date of the definitions added to the CCU regulations by this final rule will be January 1, 2012.

March 25 - A March 22 story in the [Wall Street Journal](#) reports NCUA is threatening to sue large Wall Street banks, accusing them of misrepresenting investments sold to the five corporate credit unions that have been placed into conservatorship. CUNA General Counsel Eric Richard noted, "If the agency does in fact file suit against these Wall Street banks, the action at least presents the possibility of real recovery that would offset losses to the credit union system."

February 11 – A National Credit Union Administration (NCUA) Virtual Town Hall Meeting takes place on February 17 to address the agency's initiatives to reform the corporate credit union system, minimize costs to consumer credit unions, and promote financial literacy for credit union volunteers.

January 4 - President Obama signed a technical corrections bill that alters the Federal Credit Union Act, providing the National Credit Union Administration (NCUA) with new tools to address both troubled individual credit unions and the larger corporate credit union crisis. The change permits the NCUA to make payments to the Temporary Corporate Credit Union Stabilization Fund without borrowing from the U.S. Treasury. It passed by unanimous consent by the House and Senate in December 2010. The legislation also clarifies that the equity ratio of the National Credit Union Share Insurance Fund (NCUSIF) is based solely on the unconsolidated financial statements of the NCUSIF and grants credit unions the ability to count Section 208 assistance as net worth for the purposes of prompt corrective action (PCA). As part of the bill, the Government Accountability Office (GAO) will investigate and provide a report to Congress regarding NCUA's handling of recent corporate credit union failures.

December 9 - The U.S. Senate Banking Committee held a hearing on the state of the credit union industry. An archived webcast of the hearing and testimony is available at:

http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=aaf46fac-b6e4-4d61-8d1c-06355e8ba0eb

December 3 – Missouri Corporate Credit Union has scheduled a series of town hall meetings to discuss recapitalization plans with Missouri credit unions. The meeting schedule includes: December 7, 6:30 p.m., Panera Bread, 500 South National, Springfield; December 8, 6 p.m., Clarion Hotel Sports Complex, 4011 Blue Ridge Cutoff, Kansas City; December 13, 6:30 p.m., Spazios, 12031 Lackland Road, St. Louis; December 14, 6:30 p.m., Credit Union House, 223 Madison Street, Jefferson City; December 20, 11:30 a.m., Susie's Bake Shoppe, 112 E. Center St., Sikeston; and January 6, 6 p.m., American Red Cross, 401 N 12th Street St. Joseph.

The due date for comments on the National Credit Union Administration's (NCUA) recently proposed amendments to its corporate credit union rules is extended from 30 to 60 days until Jan. 28. For more details on the proposal, visit: www.ncua.gov/Resources/RegulationsOpinionsLaws/ProposedRegulations.aspx

November 19 – NCUA extended the Dec. 31 deadline until March 31, 2011 for corporates to submit their business plans. At the December 18 board meeting, NCUA staff announced a combined estimate for the 2011 NCUSIF premium and Stabilization Fund assessment of between 20-35 bps, with 0-10 bps estimated for the NCUSIF and 20-25 bps for the Stabilization Fund, which would cost federally insured credit unions between \$1.5 billion and \$2.7 billion. NCUA staff noted that a total assessment of 20 bps would reduce credit unions' net worth by an average of 15 bps and lower credit unions' ROA by an average of 17 bps. A 35 bps total assessment would reduce net worth by an average of 26 bps and reduce ROA by an average of 30 bps.

November 5 – Comments regarding FOM and chartering requirements for new corporate credit unions were due on Nov. 1. CUNA's letter is available at: www.cuna.org/reg_advocacy/comment_letters/cl_110110.html.

October 15 – On October 12, the NCUA repaid a \$10 billion loan from the Treasury to the agency's Central Liquidity Facility, which transferred \$10 billion to the NCUSIF in 2009 to lend \$5 billion each to U.S. Central FCU and Western Corporate FCU. Those loans stabilized the two corporates while they were in conservatorship. NCUA repaid the loans using \$9.5 billion in proceeds from the sale of select performing assets of U.S. Central and WesCorp. Future borrowings from the Treasury for corporate stabilization will be assigned to the Corporate Stabilization Fund. A summary of the NCUA's corporate credit union rule by CUNA is available at: www.cuna.org/reg_advocacy/member/download/analysis_100410.pdf

Status: Developing issue. NCUA actions are occurring weekly and sometimes daily. Being discussed at the federal level are corporate restructuring (NCUA) and financial institution regulation.

Acronyms associated with this issue:

FOIA: Freedom of Information Act

NCUA: National Credit Union Administration (federal credit union regulator and insurer)

NCUSIF: National Credit Union Share Insurance Fund (credit union deposit insurance fund)

MCA: Member capital at corporate credit unions, an uninsured account available to cover losses that exceed retained earnings and PIC.

OTTI: Other than temporarily impaired, used to describe assets. Read this to mean “permanently impaired.”

PIC: Paid-in capital at corporate credit unions, an uninsured account available to cover losses that exceed retained earnings.

TCCULGP: Temporary Corporate Credit Union Liquidity Guarantee Program, this NCUA program provides a NCUSIF guarantee of principal and interest for debt issued under the program.

Helpful links: www.mcua.org/NCUA_Action_547.html; www.ncua.gov/GenInfo/FOIA/FOIA_Request.aspx; www.ncua.gov;



Posted: December 13, 2011

Regulatory Restructuring (*federal issue*)

The issue in brief: Congress passed the “Dodd-Frank Wall Street Reform and Consumer Protection Act” in 2010 which brings changes for credit unions.

Impact to your credit union: The “Dodd Frank Financial Reform Act” retained debit card interchange language, which credit unions opposed and are working to delay. (See “interchange” for more details.) There are some positive impacts to the legislation, including: Credit unions with less than \$10 billion in total assets are not subject to examination and enforcement by the Consumer Financial Protection Agency (CFPA); there is no “plain vanilla” product requirement; the deposit account data collection provision is removed; credit unions will not pay for the new CFPA; provisions direct the CFPA to consider the impact of its regulations on credit unions and to identify and address problems with regulations in an effort to reduce regulatory burden; the credit union charter and independence of the National Credit Union Administration (NCUA) is preserved; the NCUA Chairman is included in the Financial Stability Oversight Council, the group of banking regulators with authority to review, stay and set aside CFPA regulations; the Community Reinvestment Act is not within the CFPA’s authority; and credit unions’ \$250,000 insurance coverage level is made permanent.

Legislation associated with this issue: “Dodd-Frank Wall Street Reform and Consumer Protection Act” and HR 1315. H.R. 3336, the Small Business Credit Availability Act was introduced in November 2011 by Missouri U.S. Rep. Vicky Hartzler (R-District 4), and deals with aspects of the Dodd Frank Act.

Recent Developments: December 13 – The U.S. Senate failed to support the nomination of Richard Cordray as director of Consumer Financial Protection Bureau. The vote on December 8 was 53-45. Republicans have vowed to block the confirmation of anyone to run the agency until structural changes are made, including increasing leadership to a five member commission and reforming some operational rules. Raj Date, Special Advisor to the Secretary of the Treasury on the CFPB, has been serving as its de facto director until one is approved.

November 14 – Missouri U.S. Rep. Vicky Hartzler (R-District 4) has introduced the Small Business Credit Availability Act (H.R. 3336), which she indicated would exempt small banks, credit unions, and farm credit banks from regulations that were intended to rein in the activities of large, national banks in relation to the Dodd-Frank Act.

October 11 – The Senate Banking Committee approved Richard Cordray as the director of the Consumer Financial Protection Bureau on October 6. It now moves to the full Senate for approval. However, more than 40 senators have stated they will not vote to confirm any CFPB nominee unless changes to the CFPB are enacted, including increasing leadership to a five member commission and reforming some operational rules.

August 2 – The U.S. Senate Banking Committee will hold a hearing on September 6 to examine the nomination of Richard Cordray to be the director of the Consumer Financial Protection Bureau. [Click here](#) for more information.

July 26 – On July 21, portions of the Dodd-Frank Act came into effect, including:

-The limit on next day availability for deposited checks increases to \$200 (up from \$100).

-Truth in Lending Act and Consumer Leasing Act will also apply to consumer credit transactions and leases up to \$50,000 (up from \$25,000).

-While the compliance date for credit score notice changes is listed as July 21, because the changes were not published until July 15, they cannot take effect until August 15.

-Consumer Financial Protection Bureau (CFPB) officially begins.

HR 1315, a bill making changes to the Consumer Financial Protection Bureau (CFPB), passed the House by a vote of 241-173 last week. It increases leadership from one director to a five-member commission, lowers the voting requirement for the Financial Stability Oversight Council (FSOC) to overturn a CFPB rule or decision from the current two-thirds majority to a simple majority, and requires that a director, confirmed by the Senate, is in place before the CFPB can assume regulatory responsibilities.

July 19 – President Barack Obama plans to nominate former Ohio Attorney General Richard Cordray to be the first director of the Consumer Financial Protection Bureau (CFPB). The CFPB is scheduled to begin operating on July 21.

June 28 - June 30 is the Consumer Financial Protection Bureau (CFPB) due date on comments regarding the financial rules to be enforced by the bureau.

May 13 - The full House Financial Services Committee approved all three bills – H.R. 1121, H.R. 1315, and H.R. 1667 - to restrain or alter CFPB during its markup session on May 12. Another round of CFPB reform bills is expected in the next month.

May 6 – The House Financial Institutions Subcommittee marked up and passed three Consumer Financial Protection Bureau (CFPB)-related bills on May 4: H.R. 1121, H.R. 1315 and H.R. 1667. H.R. 1121 would replace the current CFPB director position with a five-member commission, appointed by the president. H.R. 1315 lowers the voting requirement for the Financial Stability Oversight Council (FSOC) to overturn a CFPB rule or decision from the current two-thirds majority to a simple majority. H.R. 1667 delays activation of the CFPB until a director, confirmed by the Senate, is in place. According to U.S. Rep. Shelly Moore Capito (R-WV), the full Financial Services Committee will take on the three bills prior to the July 4 recess.

March 4 – A House Financial Services Subcommittee hearing on the impact of the Dodd-Frank Act took place on March 2.

February 18 – A debit interchange hearing by the U.S. House Financial Services Subcommittee on Financial Institutions and Consumer Credit took place on February 17. (*See Interchange for more details.*)

Helpful links: Summaries: www.mcua.org/showfile.php?file_id=122. (A user ID and password are required.)

www.cuna.org/reg_advocacy/member/download/Dodd-Frank_summary_080410.pdf.

Additional information: www.cuna.org; www.mcua.org; www.financialstability.gov/docs/regs/FinalReport_web.pdf; <http://republicans.financialservices.house.gov/images/stories/fscrepreformplan>; <http://filene.org/publications/detail/single-regulator>



Posted: December 20, 2011

Supplemental Capital (*federal issue*)

Issue in brief: Credit unions have long had supplemental capital (also known as secondary capital) on their legislative wish list. Finding another source of capital, rather than relying solely on retained earnings, would allow credit unions to grow and expand more quickly to better serve their members. There is some debate within the credit union community regarding exactly what source is appropriate for credit union alternative capital. Central to that debate is whether alternative sources should come just from members or to also allow outside sources.

The Impact to your credit union: Supplemental capital sources could move your credit union's strategic plan forward more quickly.

Recent developments: December 20 – Supplemental capital legislation was not introduced in 2011, but remains a priority for the 2012 session, which begins in January.

March 11, 2011 – Missouri credit unions addressed alternative capital during legislative meetings at the GAC. While legislation has not been introduced yet, this is considered a key legislative issue for credit unions in 2011.

October 1 – The Credit Union National Association developed a white paper for the Governmental Affairs Committee regarding alternate or supplemental capital for credit unions.

The National Credit Union Administration (NCUA) released a white paper on April 12, 2010 on supplemental capital that finds "affording credit unions the ability to raise supplemental capital that counts toward prompt

corrective action (PCA) 'net worth' requirements is an appropriate policy consideration." The full report is located at: www.ncua.gov/Resources/Reports/plans-and-reports/2010/SupplementalCapitalWhitePaper.pdf

Status: No legislation was introduced in 2011, but supplemental capital legislation is anticipated in 2012.

Statistics

United States

	March 2010	March 2011	Percent change
Number of Credit Unions	7,653	7,442	-2.8%
Assets	\$896.8 billion	\$926.6 billion	+3.3%
Loans	\$568.1 billion	\$567.4 billion	-0.1%
Membership	90.4 million	92.0 million	+1.8%

Missouri (state and federal charters)*

	March 2010	March 2011	Percent change
Number of Credit Unions	143	138	-3.5%
Assets	\$10.5 billion	\$11.0 billion	+4.8%
Loans	\$6.4 billion	\$6.5 billion	+1.6%
Membership	1.36 million	1.35 million	-0.7%