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NCUA Media Advisory

Matz to Geithner: NCUA Regulation of Business Lending is Strong

February 25, 2010, Alexandria, Va. -- National Credit Union Administration (NCUA) Chairman Debbie Matz, in a February 24 letter to Treasury Secretary Timothy Geithner, assured him that if a statutory increase in the member business lending (MBL) cap should become law, NCUA is prepared to enhance the regulation of member business lending.

“Let me assure you: If legislative changes increase or eliminate the current aggregate MBL cap, NCUA would promptly revise our regulation to ensure that additional capacity in the credit union system would not result in unintended safety and soundness concerns,” stated Chairman Matz.

The letter also outlined ongoing NCUA efforts to monitor MBL activities, and specifically cited January guidance to credit unions that reiterated the importance of stringent risk management practices and appropriate staff expertise. “NCUA recognizes that successful MBL programs depend upon credit unions limiting products to only those consistent with the capabilities of their respective lending staffs and the principles of sound risk management,” Matz noted.

This is the second correspondence from Chairman Matz to Treasury regarding MBLs in recent months. In November, the Chairman wrote to Treasury Counselor Eugene Sperling emphasizing her view that any limitations on member business lending should be regulatory, not statutory.

The text of the letter to Secretary Geithner is attached.

NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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