

Open Board Meeting

June 18, 2015

**NCUA Chairman Debbie Matz  
Statement on NCUA's Third Public Notice  
Under the Economic Growth and Regulatory Paperwork Reduction Act  
(EGRPRA)**

NCUA is not required to engage in this regulatory review process with federal banking agencies. However, we do so voluntarily for three reasons:

- It supports the spirit of President Obama's Executive Order 13579;
- It aligns with the Regulatory Modernization Initiative I launched in 2011; and
- It complements our three-year review of every regulation.

As we begin this third round of EGRPRA, let's take a few moments to update stakeholders on results from the first two rounds. After the first two EGRPRA notices, we received several actionable comments—and we have already taken action to address six important issues:

**Easing Burdens on Small Credit Unions**

We were urged to raise the asset threshold for regulatory flexibility from \$50 million to \$100 million. And in February, the NCUA Board voted to do exactly that.

**Expanding Fields of Membership**

We received several ideas to enhance federal charters. So, I created a Field of Membership Working Group. The group has been consulting with credit union officials and other stakeholders. They also contributed to our final rule on associational common bonds, which was approved by the NCUA Board in April. The final rule authorizes federal credit unions to automatically add 12 categories of associations to their fields of membership.

Now the group is working with stakeholders on ideas such as expanding community charters and occupational charters.

**Raising Capital**

EGRPRA commenters asked us to facilitate secondary capital for low-income credit unions, and authorize supplemental capital for other credit unions.

Those ideas inspired me to create another working group—which has already made secondary capital more attractive to investors, by posting timely revisions to our National Supervision Policy Manual in April.

Now the working group is focusing on ways to add supplemental capital that can be counted as part of risk-based capital.

### **Extending Share Insurance Coverage**

Several EGRPRA commenters also urged us to provide pass-through share insurance for escrow accounts similar to Lawyers' Trust Accounts. In April, the NCUA Board unanimously approved a proposal to provide pass-through coverage for accounts managed by Realtors and funeral directors. And we are seeking comments on whether to extend pass-through coverage to stored-value cards and pre-paid cards.

### **Consumer Complaints**

EGRPRA commenters also suggested changing the way our Office of Consumer Protection handles of consumer complaints.

Earlier this month, I announced NCUA's new consumer complaints process in a Letter to all Federally Insured Credit Unions. The new process refers each complaint back to the credit union, which will have 60 days to resolve the issue with their member.

### **Member Business Lending**

Last but certainly not least, we received a wide variety of comments to ease regulatory limits on member business loans (MBLs). Later in this Board meeting, we will hear a proposal to remove prescriptive regulatory limits and permit credit unions to set their own prudent MBL policies.

Clearly, we are not waiting until the end of the EGRPRA process. We are responding to comments and taking action as soon as possible. We look forward to the comments on this third public notice, which includes 10 existing rules. We are eager to hear new ideas about these rules—and we will consider every recommendation to improve them.