

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: September 20, 2018

FROM: Regional Director C. Keith Morton

SUBJ: Proposed Final Changes
to Texas Member
Business Loan Rule

ACTION REQUESTED: Approve the proposed final Texas MBL Rule, §91.709.

DATE ACTION REQUESTED: September 20, 2018

OTHER OFFICES CONSULTED: Offices of Examination and Insurance and General Counsel

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT, IF ANY: None

RESPONSIBLE STAFF PERSON: Regional Director C. Keith Morton, ARDO Tracy Bombarger, DOS Director John Shook, Supervision Analyst Beth Petropoulos

SUMMARY:

The NCUA Board originally approved the Texas MBL rule on November 18, 1999, by unanimous vote. The NCUA Board approved changes to the rule on December 15, 2016, December 16, 2004, and January 23, 2003, all by unanimous vote. The State of Texas has now submitted a request for the NCUA Board to approve their proposed final member business loan rule to create consistency between their Texas MBL rule and the new NCUA rule that became effective June 5, 2018.

Region IV performed a review and found the Texas MBL rule changes mirror NCUA's Part 723 changes effective June 5, 2018. Only one other minor change was noted involving the deletion of the effective date of their Texas MBL rule, January 1, 2017.

The Office of General Counsel performed a legal review and the Office of Examination and Insurance performed a concurrence review.

CONCLUSION: We do not expect the 2018 rule, as proposed, to cause future safety and soundness concerns. We recommend the NCUA Board approve the Texas rule. We believe approval of the Texas Member Business Loan Rule would not result in an unacceptable exposure to the NCUSIF.

RECOMMENDED ACTION: We recommend the NCUA Board approve the Texas Member Business Loan Rule.

C. Keith Morton
Regional Director

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