

Credit Union Regulatory Improvements Act of 2005 (CURIA)

Long anticipated Federal legislation to overhaul credit union regulations and improve service to members has been introduced in the U.S. House of Representatives. The Credit Union Regulatory Improvements Act of 2005 (CURIA), supported by CUNA, was given bill number H.R. 2317.

CURIA will facilitate service to people of modest means by allowing credit unions to provide check cashing and money transfer services to those within their fields of membership who have not yet become credit union members. Two other key provisions would implement a risk-based capital approach and raise the current threshold on credit unions' member-business lending.

Among its provisions, the bill would:

- Raise the current 12.25%-of-assets threshold on member business loans to 20% of assets and allow the National Credit Union Administration (NCUA) to increase the threshold for defining a member business loan from \$50,000 to \$100,000.
- Set risk-based requirements and revise the leverage ratios (minimum capital standards) established under credit unions' prompt corrective action (PCA) regulatory structure. The proposed changes would make credit union capital standards comparable to those now in place for FDIC-insured financial institutions. The PCA reform provisions are based on the proposal recently submitted to the Hill by NCUA. It contains many elements CUNA recommended and would result in broad improvements to the PCA system.

The bill also addresses credit union concerns about a pending FASB proposal that would eliminate the "pooling" method for mergers and require use of the "purchase" method. CURIA fixes this problem by permitting a combined credit union to apply the pooling method when calculating net worth. Its language is similar to that in a separate House bill, H.R. 1042, the Net Worth Amendments for Credit Unions Act.

CUNA has developed extensive resources to help credit unions understand how CURIA will affect service to members and what will be required to pass the bill. See the links below.

To urge your Congresswoman/Congressman to co-sponsor CURIA (H.R. 2317), click here. (*link to <http://capwiz.com/cuna/issues/bills/?bill=7606856>*)

For a section-by-section analysis of the bill, click here. (*link to www.cuna.org/gov_affairs/legislative/issues/curia_sections.html*)