

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1223

(Delegate Taylor, *et al.*)

Economic Matters

Finance

Financial Institutions - Credit Unions - Member Business Loans

This bill authorizes a credit union to make member business loans in an amount approved by the National Credit Union Administration (NCUA) Board.

The bill takes effect June 1, 2010.

Fiscal Summary

State Effect: The bill does not directly affect State operations or finances.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: NCUA is an independent federal agency that charters and supervises federal credit unions and insures member accounts at state and federal credit unions through the National Credit Union Share Insurance Fund.

NCUA regulations restrict the aggregate amount of a credit union's business loans to the lesser of 1.75 times the credit union's net worth or 12.25% of the credit union's total assets. Maryland regulations mirror the NCUA regulations. However, under 12 C.F.R. § 723.20, the NCUA Board may exempt federally insured state-chartered credit unions in a given state from NCUA's member business loan rule if the NCUA Board approves a state's member business loan rule.

In other words, a state regulator may seek the approval of NCUA to establish a member business loan rule that differs from the NCUA rule. When considering whether to exempt credit unions in a given state from the NCUA business loan rule, the board is “guided by safety and soundness considerations and reviews whether the [proposed state rule] minimizes the risk and accomplishes the overall objectives of NCUA’s member business loan rule....” (12 C.F.R. § 723.20.)

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2010
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