

REGULATORY RESTRICTIONS

ON CREDIT UNIONS' MEMBER BUSINESS LENDING **NOT** FACED BY NATIONAL BANKS

S.2231

Credit Unions

already face the following regulatory limits on business loans:

- Aggregate member business loans by a credit union **capped at 12.25%** of total assets
- Aggregate business loans to any one borrower **capped at the greater of 15%** of the credit union's net worth or **\$100,000**
- Aggregate unsecured business loans **capped at 10%** of the credit union's net worth
- Aggregate unsecured business loans to one borrower **may not exceed 1%** of the credit union's net worth
- A **minimum 25% equity** in all construction loan projects interest in the project being financed
- For secured loans, a **minimum of 80% loan to value** ratio

Banks

How many of these LIMITS on credit union business lending apply to banks?

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Credit Unions

also must adhere to these requirements:

- Only use business loan officers with a **minimum of 2 years experience** in business lending
- Loans **CANNOT** go to the CEO, executive officers, or their family members.
- Business loans may be made **only** to borrowers within the field of membership.
- **Cannot provide ANY** new business loans if its net worth ratio is under 6%.
- Member business loans **must** meet specific regulator collateral requirements.

Banks

How many banks face these requirements for business lending?

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Isn't it time to even the playing field?

Voting **YES** on S.2231 adjusts *just ONE* of these regulations that already apply *only* to credit union business lending.

Credit Union regulations noted above apply to both federally and state chartered credit unions. Information on lending and other powers of national banks available from the Office of the Comptroller of the Currency.