



MCUL Government Affairs Conference

Regulatory Update

Agenda

National Credit Union Administration
Consumer Financial Protection Bureau
Department of Labor
Financial Accounting Standards Board

Member Business Lending Final Rule

Effective: January 1, 2017

- Personal Guarantee – effective May 13, 2016
- Prescriptive to Principles-based approach
- Supervisory Guidance will be issued before effective date
- Exemption for small credit unions under \$250mm
- Enhanced Responsibilities for Board of Directors and Management

Field of Membership Proposal

Comment period closed February 3, 2016

- Core Service Area Requirement
- Population Limit as applied to a Well-Defined Local Community
- Congressional District used as a Well-Defined Local Community
- Rural District Population – limit increase to 1 million
- Reasonable Proximity through Online Access to Services
- Inclusion of SEG in a multiple common inclusion of Office or Industrial Park Tenants in Multiple Common Bond
- Streamlined Determination of Stand-Alone feasibility of groups greater than 3,000
- Other Persons Eligible for Credit Union Membership

Overhead Transfer Rate

Comments due April 26, 2016

- The FCUA authorizes the NCUA Board to expend funds from the NCUSIF for “administration and other expenses” related to federal share insurance.
- The percentage which comes from this transfer, is the Overhead Transfer Rate

Overhead Transfer Rate

OTR is determined annually through analysis of:

- Examination Time Survey
- Workload budget (hours)
- Operating budget (dollars)
- Imputed value of state supervisory authority work

73.1% = Overhead Transfer Rate

Increases in expenses allocated from insurance funds means rebates are unlikely

Two-Year Policy Priorities

Arbitration

Consumer Reporting

Debt Collection

Financial Literacy Initiatives

Two-Year Policy Priorities

Mortgages

Open-use Credit (Payday and Overdraft)

Small Business Lending

Student Lending

Department of Labor (DOL)

Overtime Rule

Comments due September 3, 2015

- Final rule expected June 2016
- Proposal seeks to increase the standard salary level at the 40th percentile for full-timed salaried workers to \$921 per week, or \$47,892 annually
- DOL estimates 4.6 million workers will be eligible for overtime within the first year
- Reclassification of positions

Current Expected Credit Losses

Expected to be finalized by June

- Proposal would require a forward-looking “current expected credit loss” or CECL model instead of the current “incurred loss” approach.
- Original proposal issued in 2013
- Effective likely in 2019 at the same time as NCUA RBC2
- Increase ALLL accounts – double or triple – resulting directly in reduction of retained earnings

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