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Leagues and CUNA call for additional NCUA Prompt Corrective Action relief

Washington, D.C. (March 20, 2021) – All 35 state credit union leagues/associations signed onto a March 19 [joint letter](#) urging the National Credit Union Administration (NCUA) to renew Prompt Corrective Action (PCA) relief it issued during the COVID-19 pandemic. Since credit unions face continued challenges and the interim final rule providing PCA relief expired December 31, 2020, the March 19 letter calls for adoption of a similar rule that would remain in effect until the end of the pandemic.

The previous interim final rule provided credit unions PCA relief by:

- Permitting the NCUA Board to issue an order to temporarily waive the earnings retention requirement for any credit union classified as adequately capitalized; and
- Permitting credit unions to submit simplified net worth restoration plans if the reduction in capital was caused by share growth resulting from a temporary condition due to the pandemic.

Along with PCA relief, leagues and CUNA are asking the NCUA to temporarily exclude certain assets from the net worth ratio calculation.

“[D]eposits in credit unions have swelled during the crisis, largely as a result of government stimulus and changes in consumer spending and savings habits,” the letter reads. “Credit unions are increasingly investing these funds in zero- and low-risk assets, such as shorter-term Treasury securities. These deposits and resulting investments, however, have caused a decrease in the net worth ratio for many credit unions. Therefore, we reiterate our call for the NCUA to follow the lead of other federal banking regulators and exclude such investments, as well as 10% of deposits held at the Federal Reserve, from the net worth ratio calculation.”

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ABOUT THE AMERICAN ASSOCIATION OF CREDIT UNION LEAGUES

AACUL is the national association for the state and regional credit union leagues/associations throughout the United States. AACUL’s mission is to cultivate the success of individual leagues as well as the collective League System by supporting league efforts to advocate, communicate, collaborate and influence policy on behalf of credit unions nationwide. We partner with the Credit Union National Association (CUNA) to foster the CUNA-League System relationship and the prosperity of the credit union movement.