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## CBAI Urges NCUA to Restrict Credit Union Acquisitions of Community Banks

In a June 14, 2020, comment letter, the Community Bankers Association of Illinois (CBAI) stated its opposition to the acquisition of tax paying community banks by tax-exempt credit unions. CBAI's comments were in response to a proposal by the NCUA to provide a glimpse of transparency to this acquisition process. CBAI supported the minor initiatives but stated much more needs to be done.

CBAI recommended that all business loans of an acquired community bank be included in the acquiror credit union's MBL calculation for compliance purposes. Currently, these loans are ignored in this calculation, which does not make these risks disappear and is effectively a way for credit unions to evade this regulation.

CBAI recommended that when a credit union acquires a community bank, the credit union should assume the responsibility to comply with the CRA. Currently, all credit unions avoid compliance with the CRA, which is a banking regulation that mandates serving all communities, including low- and moderate-income ("LTM") communities.

CBAI recommended that a credit union continue to be responsible for paying income taxes on the income that it will derive from the acquisition of the tax-paying community bank. Currently, the future income from the acquisition of a tax-paying community bank will be tax-exempt to the credit union.

CBAI thanks all Illinois community bankers for responding to the recent CBAI Action Alert to help curb credit union abuse.

[Read CBAI Comment Letter to the NCUA »](#)

Community Bankers Association of Illinois

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