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**National Association of Federally-Insured Credit Unions**

November 16, 2018

The Honorable Jeb Hensarling  
Chairman  
House Financial Services Committee  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services Committee  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: Banks and Efforts to Overhaul the *Community Reinvestment Act***

Dear Chairman Hensarling and Ranking Member Waters:

I am writing to you on behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, in response to the discussion of efforts to overhaul the *Community Reinvestment Act* (CRA) that occurred during this week's hearing with Federal Reserve Vice Chairman for Supervision Randal Quarles and the ongoing banker attacks on credit unions regarding this issue.

NAFCU noted Vice Chairman Quarles's comments that the recent efforts to overhaul the CRA by regulators were not an attempt to weaken it, but rather to reinvigorate it. We urge Congress to hold the banking regulators to that standard and not fall for banker efforts to weaken this important law under the guise of "regulatory relief." As you are aware, the CRA was adopted as a punitive measure to punish specific bad actors – namely banks – for engaging in discriminatory and abhorrent practices such as redlining and disinvestment. Given the behaviors of many banks that led to the 2008 financial crisis, and even the recent scandals such as those at Wells Fargo, it is apparent that banks have not learned their lesson and that is why we believe that the CRA still has a role to play for banks today.

NAFCU was also disappointed to see in a recent comment letter on this overhaul to the Office of the Comptroller of the Currency (OCC) that the American Bankers Association (ABA) reiterated its tired call for credit unions to be subject to the CRA while advocating for reducing CRA burdens on banks. The ABA seems to forget that credit unions were not included under the CRA because they have not engaged in the illegal and discriminatory activities that banks did. Credit unions are inherently invested in their communities, operating unlike other depository institutions with a not-for-profit cooperative structure and a common bond membership. In addition, credit unions embrace the unique relationship that they have with their community and play an important role in providing essential financial services to underserved individuals. By law, credit unions can only take deposits and make loans to their membership, which ultimately ensures that deposits are reinvested for the benefit of all members. As many in Congress have wisely noted, if all financial institutions acted like credit unions, there would be no need for the CRA. We firmly believe that

placing CRA requirements on credit unions would create new costly regulatory burdens without public benefit—a solution in search of a problem. We oppose all such efforts to do so.

Instead of attacking credit unions, the ABA should be more focused on cleaning up the banking industry and preventing the next financial crisis. The behavior of large banks that led to the financial crisis raises the question that perhaps more needs to be done to prevent them from crashing the economy once again. As recent bank scandals demonstrate, the nearly \$200 billion dollars in fines levied on banks post-crisis has not served as an adequate deterrent for bad behavior. That is why NAFCU believes that Congress should examine enacting a modernized Glass-Steagall Act and that regulators should ensure that the Volcker Rule remains a strong check on risky proprietary trading practices. Doing so would protect consumers against greater severity of future financial crises and help ensure traditional depositories can continue to thrive in a stable financial marketplace. We hope that the Committee can include these important topics on their agenda in the next Congress.

Finally, as the Committee is aware, federal credit unions that are not defined as “multiple common-bond” credit unions are prevented from adding underserved areas to their fields of membership. While credit unions want to do more to help the underserved, they are limited in their ability to do so. Ironically, it is the ABA that fought for this restriction on credit unions through litigation like *American Bankers Association, et al. v. National Credit Union Administration* (2005). Luckily, Congress has recognized this hypocrisy by the bankers and introduced the bipartisan *Financial Services for the Underserved Act*, H.R. 4665, which would allow all credit unions the ability to add underserved areas. We urge you to support this legislation.

NAFCU would like to thank you for the opportunity to share our thoughts on this important matter. We look forward to working with the Committee on this topic in this Congress and beyond. If we can be of any further assistance to you or your staff, please do not hesitate to contact myself or Brad Thaler, NAFCU’s Vice President of Legislative Affairs, at 703-842-2204.

Sincerely,



B. Dan Berger

cc: Members of the House Financial Services Committee  
Office of the Comptroller of the Currency