



3138 10th Street North
Arlington, VA 22201-2149
P: 703.842.2215 | 800.336.4644
F: 703.522.2734
dberger@nafcu.org

B. Dan Berger
President & Chief Executive Officer

National Association of Federal Credit Unions | nafcu.org

January 20, 2016

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Re: The National Credit Union Administration's Field of Membership Proposal

Dear Leader McConnell, Leader Reid, Speaker Ryan, and Leader Pelosi:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the federal interests of our nation's federally-insured credit unions, I write today in response to a recent letter from the American Bankers Association (ABA) and the Independent Community Bankers of America (ICBA) that distorts the National Credit Union Administration's (NCUA) recently proposed updates to their Field of Membership (FOM) rules for credit unions. I want to set the record straight and urge you to support NCUA's efforts in this regard.

NAFCU is disappointed that the ABA and ICBA have chosen to attack efforts at regulatory relief for credit unions and their 101 million members. Perhaps the banking trade associations should have paid this much attention to their own members and actions prior to the financial crisis. If so, maybe their members would not have been the main users of TARP bailout funds and had over \$100 billion in fines, settlements and buy-backs stemming from the financial crisis.

NAFCU continues to hear from our members that NCUA's current FOM rules and regulations unnecessarily inhibit their ability to serve their communities. Additionally, NAFCU members believe that the federal credit union charter must keep pace with changes in state laws, technology, and the progressiveness of the financial services industry. NCUA is well within its statutory authority in this effort to streamline its chartering and FOM procedures, as well as removing non-statutory constraints on FOM chartering and expansion.

Some important things for you to know to set the facts straight about the proposal:

- This proposal will provide regulatory relief relative to the cumbersome charter-change process for credit unions by streamlining NCUA's chartering and FOM procedures, as well as enabling credit unions to meet the needs of more consumers.
- This proposal represents a modernized approach to keep pace with changes in state laws, technology and the financial services industry at-large, to the extent that can be effectuated without legislative change.

The Honorable Mitch McConnell, The Honorable Harry Reid,
The Honorable Paul Ryan, The Honorable Nancy Pelosi
January 20, 2016
Page 2 of 2

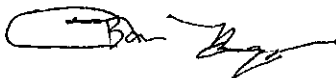
- The proposal does not remove the Federal Credit Union Act's limitations on credit union charters.
- While NCUA's proposal recognizes new ways that credit unions can evidence why a particular area is "well-defined" and "local" in applying for charter changes, it must be noted that these new avenues track other federal government recognition (such as U.S. Census or OMB) of these areas. Accordingly, NCUA is merely recognizing areas that are already codified elsewhere in the federal government.

As NAFCU has communicated to you before, the cumulative benefit not-for-profit credit unions provide the greater economy totals over \$17 billion a year according to an independent study released by NAFCU in 2014. It is remarkable (but not surprising) that the trades that represent the same industry that was caught redlining, engaged in the risky lending that led to the financial crisis and has come to symbolize corporate greed on the campaign trail would attack efforts to make it easier for Americans to have access to low-cost consumer-friendly financial services provided by credit unions.

We hope that the ABA and ICBA will change their approach and they will work with credit unions and focus their resources instead on issues that can help the entire financial services community, such as regulatory relief and creating a national data security standard for those who don't currently have one, including retailers and others who handle consumer financial data.

Thank you for the opportunity to set the record straight about this proposal. We hope you will be willing to work with NAFCU to support this regulatory proposal, as well as work with us on any future legislation that would help ensure that credit unions have viable charters. Should you have any questions or need additional information about the proposal, please feel free to contact me or NAFCU's Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,



B. Dan Berger
President and CEO

cc: Members of the United States Senate
Members of the United States House of Representatives