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National Association of Federal Credit Unions | nafcu.org

October 27, 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: New Field of Membership Rules from the National Credit Union Administration

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 to share information and insights about the National Credit Union Administration's (NCUA) updates to their Field of Membership (FOM) rules for credit unions that were approved this morning. I urge you to support NCUA's efforts in this regard.

NAFCU continues to hear from our members that NCUA's current FOM rules and regulations have unnecessarily inhibited 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. We believe that these new rules from NCUA provide constructive regulatory relief under the agency's current authority by streamlining its chartering and FOM procedures, as well as changing its arbitrary regulatory framework.

NAFCU firmly believes that NCUA's actions are well within the agency's existing legal authority. We also believe that there are other areas where credit unions need FOM modernization that Congress must address. A prime example is H.R. 5541, the *Financial Services for the Underserved Act of 2016*, which is currently pending action in the House. We hope you will support these efforts to bring about statutory improvements to outdated FOM restrictions on credit unions.

Some important things you should know about NCUA's new FOM rules:

- These rules 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.
- These rules represent 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.
- These rules do not remove the *Federal Credit Union Act's* limitations on credit union charters.
- There are still other areas of NCUA's rules that are not statutorily mandated, and which NCUA could provide further regulatory relief, such as population caps and geographical boundaries.

Thank you for the opportunity to share further information about NCUA's new rules with you. We hope you will be willing to work with NAFCU to support NCUA in this effort, 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 NCUA's actions, please feel free to contact me or NAFCU's Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,



Carrie R. Hunt
Executive Vice President of Government Affairs & General Counsel

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