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B. Dan Berger
President & Chief Executive Officer

National Association of Federally-Insured Credit Unions

January 21, 2021

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear Mr. President:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to extend our congratulations on your swearing in as the 46th President of the United States. We would also like to congratulate Vice President Kamala Harris on her historic election to office. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 123 million consumers with personal and small business financial service products. NAFCU looks forward to working with you both as our nation's credit unions help their members who have been impacted by the COVID-19 pandemic. The health and safety of credit union members and their staff is the top priority.

Credit unions, as not-for profit, cooperative financial institutions, are unlike for-profit banks and other financial institutions. Their guiding principle is always that the best interest of their members comes first. All credit union members have an equal say in the operation of their credit union, no matter the dollar amount on deposit. Credit unions are also different because they are more diverse than other financial institutions, with three times more credit union minority depository institutions (MDIs) than bank MDIs and ten times as many female CEOs in credit unions than in banks. Credit unions strive to represent their communities and provide the highest quality products and services to help their communities thrive.

Credit unions' dedication to their communities was evident in the way they quickly offered relief to those who were impacted by the COVID-19 pandemic. Many credit unions waived late fees and other fees, offered skip payment options without penalty, provided low or zero interest loans, worked with members to modify their loans to make payments manageable, and provided zero interest accruals. Credit unions also offered far more small dollar loans, through the Paycheck Protection Program (PPP), than any other lender to help businesses in their communities survive the economic impacts of the pandemic. Many businesses also joined their local credit union to obtain a PPP loan after being turned away by their bank due to the small size of their requested PPP loan.

Each year, the NAFCU Board, made up of credit union CEOs from around the country, identifies the top issues in the upcoming year that impact credit unions and establishes the tenets that are important to the industry. After such a difficult and unprecedented year, NAFCU's 2021 advocacy

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priorities reflect a thoughtful review of the top challenges for the credit union industry as the economy recovers and America overcomes the COVID-19 pandemic. The attached document outlines these priorities in detail.

We look forward to working toward these priorities with your Administration to ensure that America's credit unions continue to be able to serve their communities. We would welcome the opportunity to meet with you and your team to discuss these priorities and some of the most pressing issues facing credit union members and the industry. If you have any questions or if I may be of assistance to you in any way, please do not hesitate to contact me directly.

Sincerely,



B. Dan Berger
President and CEO

Enclosure



2021 ADVOCACY PRIORITIES



GROWTH

Supporting legislation and regulation that helps credit unions grow membership, loans and retained earnings.



FAIR MARKET

Fighting back against meritless banker attacks and establishing regulatory standards for fintech and other non-depository institutions.



REGULATORY RELIEF

Providing clear rules of the road and streamlining regulation that allows credit unions to put more resources toward serving members.



STRONG NCUA

Pressing for NCUA to be the sole industry regulator. Fostering a strong relationship with NCUA to ensure credit union voices and concerns are heard.



DATA PROTECTION

Encouraging federal standards for data privacy and data security that recognize existing regulatory requirements for credit unions.

With new members in the House and Senate, and a new administration in the White House, advocacy is more important and relevant than ever. Plus the pandemic and related economic strife will likely lead to some to call for large-scale legislation in the mold of the Dodd-Frank Act.

That's why we're working tirelessly for you to:

FAIR MARKET

- › Oppose special purpose payments charters and industrial loan company (ILC) approvals
- › Adopt a variable interest rate ceiling to position credit unions more competitively
- › Ensure credit unions have as many opportunities as banks and non-regulated entities to serve consumers

REGULATORY RELIEF

- › Obtain more guidance on and relief from the Current Expected Credit Loss (CECL) standard
- › Modernize the examination process with clear virtual procedures, flexibility on record digitalization, and strong data protection
- › Clarify the Unfair, Deceptive or Abusive Acts or Practices (UDAAP) rule to better serve members and avoid penalties

STRONG NCUA

- › Remove the CFPB's examination and enforcement powers over credit unions
- › Reform the CFPB's leadership to a bipartisan board structure
- › Retain the NCUA Board's three-member, bipartisan board structure

GROWTH

- › Preserve the credit union tax exemption
- › Modernize capital standards, including fair risk-based capital (RBC) rules and improved access to alternative capital
- › Eliminate additional statutory authority for NCUA to assess a Share Insurance Fund (SIF) premium
- › Reform the housing finance system with mortgage servicing policies that don't punish borrowers or community institutions

DATA PROTECTION

- › Ensure retailers pay their share for costs associated with data breaches
- › Oppose efforts to expand interchange caps or other payment restrictions on credit unions
- › Establish a federal data privacy standard that aligns with NAFCU's principles on protecting consumers and harmonizing existing laws
- › Support appropriate but not excessive examinations of credit union cybersecurity and data protection processes