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October 20, 2015

The Honorable Randy Neugebauer
Chairman
House Financial Services Committee
Subcommittee on Financial Institutions &
Consumer Credit
United States House of Representatives
Washington, D.C. 20515

The Honorable William Lacy Clay
Ranking Member
House Financial Services Committee
Subcommittee on Financial Institutions &
Consumer Credit
United States House of Representatives
Washington, D.C. 20515

Re: Tomorrow's Hearing: "Examining Legislative Proposals to Reduce Regulatory Burdens on Main Street Job Creators"

Dear Chairman Neugebauer and Ranking Member Clay:

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 regarding tomorrow's legislative hearing, "Examining Legislative Proposals to Reduce Regulatory Burdens on Main Street Job Creators." NAFCU appreciates the subcommittee's review of these important measures, many of which would impact credit unions and their members.

Of particular interest to credit unions, tomorrow the subcommittee will discuss bipartisan legislation, the *National Credit Union Administration Budget Transparency Act* (H.R. 2287), introduced by Representatives Mick Mulvaney and Kyrsten Sinema. NAFCU strongly supports this important commonsense legislation that would require the National Credit Union Administration (NCUA) to hold a public hearing on its annual budget and publish a draft of the budget for public consumption in the *Federal Register*. Given that credit unions fund the agency through various assessments, NAFCU supports gaining a clear picture of the agency's expenditures through this simple act of transparency. Importantly, holding a public hearing on the budget was standard practice at NCUA until 2009. It is also worth noting that nothing in this measure would prevent NCUA from obtaining the funds necessary to carry out its mission to, through regulation and supervision, provide a safe and sound credit union system.

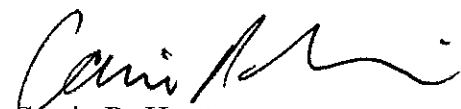
Additionally, while NAFCU is appreciative that NCUA Chairman Debbie Matz recently announced a public forum on October 30, 2015, where she will take questions on any issue before the agency, we would note that this falls short of the public hearing on the budget stipulated in the legislation in that the agency does not plan to release a copy of its budget proposal prior to this forum.

NAFCU also strongly supports your legislation, the *Preserving Capital Access and Mortgage Liquidity Act of 2015* (H.R. 2473). This important legislation would update the definition of a community financial institution in the *Federal Home Loan Bank Act*. Currently, that act provides for an exemption from certain membership requirements for community financial institutions, but unfortunately it only defines them as FDIC-insured banks under \$1 billion in assets (adjusted for inflation). Federal home loan banks are playing an increasingly important role for credit unions, and NAFCU believes this discrepancy needs to be addressed to ensure an even playing field between all financial institutions, including credit unions, on this matter.

We would also like to express our strong support for the *Taking Account of Institutions with Low Operation Risk (TAILOR) Act of 2015* (H.R. 2896), introduced by Representatives Scott Tipton and Andy Barr. This legislation will provide relief to credit unions by ensuring that NCUA and other regulators do not regulate with a one-size-fits-all approach and consider more factors when tailoring new regulations. Of particular importance, the bill would require NCUA (and other regulators) to consider the aggregate impact a new rule will have along with existing regulations. As you are aware, many regulations are promulgated without this consideration, resulting in the current regulatory environment where smaller institutions are unable to keep up with the onslaught of regulations in the wake of the *Dodd-Frank Act*. Additionally, this legislation will provide for greater accountability by requiring individual agencies to report to Congress on their specific actions relating to the tailoring of regulations.

Again, thank you for your continued focus on regulatory relief for community based financial institutions including credit unions. We look forward to continuing to work with the subcommittee on these important pieces of legislation and other issues as the 114th Congress continues. If my staff or I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact myself, or NAFCU's Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,



Carrie R. Hunt

Senior Vice President of Government Affairs and General Counsel

cc: Members of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit