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B. Dan Berger
President & Chief Executive Officer

National Association of Federally-Insured Credit Unions

December 11, 2017

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: Tomorrow's Financial Services Committee mark-up

Dear Chairman Hensarling and Ranking Member Waters:

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, I write in advance of tomorrow's mark-up to voice support for, and encourage favorable reporting of, some of the bills on the agenda that have a direct impact on our members. We appreciate the Committee's continued efforts to provide regulatory relief and create an environment in which credit unions can thrive.

NAFCU supports H.R. 4464, the *Common Sense Credit Union Capital Relief Act of 2017*

This legislation, introduced by Representative Posey, provides credit unions needed relief from the National Credit Union Administration's risk-based capital (RBC) rule which is set to take effect on January 1, 2019. As NAFCU testified before the Financial Institutions Subcommittee last week, Congressional action is needed because political uncertainties and vacancies on the NCUA Board bring uncertainty to NCUA's ability to make timely changes before credit unions need to shift lending to come into compliance with the rule. If the rule is allowed to take effect without changes, over 400 credit unions would see a total decline of \$1.4 billion in their capital cushions and 40 credit unions would see their capital category downgraded. This could lead a number of credit unions to constrain lending in 2018 to come into compliance with the new RBC standards. The rule has been problematic from the start, with current NCUA Board Chairman Mark McWatters opposing the rule when it was adopted in 2015 due to concerns about its legality in its current format. The need for the rule has also been questioned, as additional protections have been put in place to address risk in the credit union system since it was adopted. This legislation would repeal the RBC rule before it takes effect and allow NCUA to better craft a risk-based capital system for credit unions.

Support of H.R. 4464 at mark-up is a KEY VOTE for NAFCU.

NAFCU supports H.R. 4545, the *Financial Institutions Examination Fairness and Reform Act*

This bipartisan legislation, introduced by Representatives Tipton and Maloney, would provide credit unions with much-needed clarity in the examination process. It would ensure that institutions get timely results within 60 days after the close of the examination and that they would have an independent channel for exam appeals.

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NAFCU Supports H.R. 1457, the *Making Online Banking Initiation Legal and Easy Act of 2017*

This legislation and the substitute amendment, introduced by Representative Tipton, would provide credit unions with clarity in establishing online and mobile banking accounts. Similar language was included in the bipartisan Senate regulatory relief bill advanced by the Senate Banking Committee earlier this month.

Finally, we hope this mark-up serves as another step forward in addressing regulatory relief for community financial institutions such as credit unions. As NAFCU has communicated in the past, there are a number of additional areas where credit unions need relief including additional capital reforms, field-of-membership improvements, and requiring regulators to perform robust cost-benefit analyses of regulations. We would urge the committee to tackle these and other areas as you continue your work on regulatory relief.

NAFCU thanks you for the opportunity to share our thoughts ahead of the mark-up. We appreciate the Committee's effort to provide regulatory relief and look forward to working with you on these and other issues to improve the environment for credit unions. If you have any questions, or if my colleagues or I can be of assistance in any way, please do not hesitate to contact me or NAFCU's Vice President of Legislative Affairs, Brad Thaler, at 703-842-2204 or bthaler@nafcu.org.

Sincerely,



B. Dan Berger
President and CEO

cc: Members of the House Financial Services Committee