



Credit Union National Association

[cuna.org](http://cuna.org)

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PRESIDENT & CEO

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July 24, 2009

The Honorable Barney Frank  
Chairman  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Spencer Bachus  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus:

On behalf of the Credit Union National Association (CUNA), I am writing regarding H.R. 3269, the Corporate and Financial Institution Compensation Fairness Act of 2009. CUNA represents nearly 90 percent of America's 8,000 credit unions and their 92 million members.

We understand the concern some have regarding the effect compensation structures that encourage excessive risk-taking have on the safety of financial institutions and the economy. We applaud efforts to address these egregious practices. However, as the Committee prepares to consider H.R. 3269 next week, we encourage you to exclude credit unions from the scope of the bill. The credit union structure combined with strong compensation regulations already in place have resulted in credit unions being largely immune from both excessive and unsafe risk-taking and from the criticism assigned to for-profit financial services providers; thus, the inclusion of credit unions under H.R. 3269 is unwarranted.

As you know, credit unions are unique, member-owned, not-for-profit, financial cooperatives, and they simply do not have the same operational motives as for-profit depository institutions. As a result, credit unions are risk-averse institutions operating in the best interest of their members. Further, the compensation structure of credit unions is not only less aggressive than the for-profit financial institutions, it is also more modest. According to our most recent survey of our members, the median salary for a credit union CEO is approximately \$71,000; the average salary is approximately \$93,000.

The National Credit Union Administration Board (NCUA) already has compensation regulations in place that are designed to prevent the types of dangerous compensation structures that exist in other sectors. These include Section 701.21(c) of NCUA's Rules and Regulations, restricting compensation related to loans to members and lines of credit to members; Section 701.33, restricting compensation to credit union board members; and Section 712.8, restricting compensation to credit union employees or board members from credit union service organizations in which the credit union has an outstanding loan or investment.



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We believe that H.R. 3269, if applied to credit unions, would at best be duplicative of current regulations and at worst could increase the cost and regulatory burden on a sector of the financial services industry that neither caused the economic crisis nor engaged in the type of compensation arrangements that this legislation seeks to address. Therefore, we cannot support this legislation in its current form and we would welcome the opportunity to work with you and others on the Financial Services Committee to amend the legislation to exclude credit unions.

On behalf of America's credit unions and their 92 million members, thank you very much for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Mica". The signature is written in a cursive, flowing style with a large initial "D".

Daniel A. Mica  
President & CEO