



CUNA

Credit Union National Association

cuna.org

DANIEL A. MICA
PRESIDENT & CEO

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | **PHONE:** 202-638-5777 | **FAX:** 202-638-7734

November 2, 2009

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
U.S. 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 the Financial Stability Improvement Act. As you know, CUNA is the nation's largest credit union trade association, representing nearly 90 percent of America's 8,000 credit unions and their 92 million members.

Credit unions continue to play a vital role in the financial well-being of their members. The movement is generally well-capitalized and continues to lend responsibly. There has been no suggestion that credit unions caused or contributed to the financial crisis. In fact, the evidence suggests that the small number of credit unions facing challenges today are victims of the crisis, primarily resulting from the markets in which they operate.

We are concerned that the legislation, which seeks to address too-big-to-fail institutions and the systemic risk they impose, would require relatively large credit unions, literally, to pay to bail out huge, systemically significant financial institutions. We encourage you to consider the effect that this legislation would have on credit unions, and whether it is good public policy for member-owned financial cooperatives to be asked to cover the losses of large, complex, for-profit financial companies.

The failure of any single credit union or a group of credit unions would not have a systemic impact on the financial system. In fact, the total assets of the entire credit union movement are less than the total assets of the largest bank in the United States. Simply put: credit unions do not pose a systemic risk to the financial system, and therefore should not be entangled in this legislation.

Moreover, the National Credit Union Share Insurance Fund (NCUSIF) is designed to resolve troubled credit unions. The additional tools that the Congress gave the National Credit Union Administration through the enactment of the Helping Families Save Their Home Act of 2009 (P.L. 111-22) should help credit unions and the NCUSIF weather the financial crisis and address future threats to the NCUSIF.



AMERICA'S
CREDIT UNIONS®

PO Box 431 | Madison, WI 53701-0431 | 5710 Mineral Point Road | Madison, WI 53705-4454 | **PHONE:** 608-231-4000

The Honorable Barney Frank
The Honorable Spencer Bachus
November 2, 2009
Page Two

As the Financial Services Committee prepares to mark-up legislation, we hope you will agree that credit unions should not be included in the systemic risk legislation because they pose no systemic risk to the financial system and should not be asked to pay for the risks posed by large, complex for-profit companies.

On behalf of America's credit unions, 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