



Credit Union National Association

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

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November 18, 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 in support of the amendment offered by Representatives Perlmutter (D-CO) and Lucas (R-OK) to the Committee Print of the Financial Stability Improvement Act (to be reported as H.R. 3996) that would give the systemic risk council the authority to take corrective action regarding accounting matters. CUNA is the largest credit union advocacy organization in the United States, representing nearly 90 percent of America's 8,000 credit unions and their 92 million members.

The Perlmutter/Lucas amendment would give the systemic risk council the authority to take corrective action if it determines that an accounting standard that poses a risk to the financial system, and the SEC does not act on its recommendation for corrective action within 60 days. A range of accounting issues continues to undermine financial institutions' operations. Such issues include the impact on a financial institution's financial statements of having to determine assets are Other Than Temporarily Impaired (OTTI) Assets and the specter of having to apply fair value accounting principles to loans and the allowance for loan losses account.

Accounting principles determined by the Financial Accounting Standards Board (FASB) can have far reaching, negative results for credit unions and are often adopted without consideration of the practical impact of such rules on financial institutions. Even though FASB is under the purview of the Securities and Exchange Commission (SEC), there is no real process for review of arbitrary FASB decisions. This amendment will improve the policy making process at FASB and help to minimize arbitrary rulemaking because it strengthens the authority of the SEC to review FASB rules, while authorizing the new Council to step in if the SEC fails to act in a timely manner.



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This amendment would not compromise the independence or integrity of FASB by the SEC. In addition, the amendment would not impinge on FASB's setting of accounting standards, nor the oversight of these standards by the SEC, except to the extent that these principles pose systemic risk concerns to the financial services sector of the economy.

I urge you to adopt the Perlmutter/Lucas amendment and please do not hesitate to contact me or my staff with any questions.

Sincerely,

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

Daniel A. Mica  
President & CEO