

May 5, 2014

Dear Representative:

On behalf of the Credit Union National Association (CUNA), I am writing in support of certain regulatory relief measures scheduled on the suspension calendar this week. CUNA is the largest credit union advocacy organization in the United States, representing America's state and federally chartered credit unions and their 99 million members.

Credit unions face a crisis of creeping complexity with respect to regulatory burden. It is not any one regulatory change or requirement that is causing this crisis, but the ever-increasing, never decreasing accumulation of regulations over time that cripples credit unions' ability to efficiently serve their members. The bills that the House will consider this week will take small steps toward alleviating some of that burden, and better enable credit unions to more fully serve their members.

Credit unions support H.R. 3584, the Capital Access for Small Community Financial Institutions Act; H.R. 3468, the Credit Union Share Insurance Fund Parity Act; and H.R. 2672, the CFPB Rural Designation Petition and Correction Act. We urge the House to pass these measures.

H.R. 3584 – Capital Access for Small Community Financial Institutions Act

H.R. 3584, introduced by Representatives Steve Stivers (R-OH) and Joyce Beatty (D-OH), seeks to correct a drafting error in the Federal Home Loan Bank (FHLB) Act that prohibits state chartered, privately insured credit unions from joining the FHLB system. This legislation was reported out of the Financial Services Committee on March 14, 2014 by a vote of 55-0; similar legislation has also been approved by the House of Representatives as part of comprehensive regulatory relief legislation in 2006 and 2008. By correcting the oversight in the original legislation, 132 privately insured credit unions across the country will be eligible for membership in the FHLB system and have additional opportunities to provide mortgage credit to their members.

H.R. 3468 – Credit Union Share Insurance Fund Parity Act

H.R. 3468, introduced by Representatives Ed Royce (R-CA) and Ed Perlmutter (D-CO), provide National Credit Union Share Insurance Fund (NCUSIF) coverage for trust accounts, such as Interest on Lawyer Trust Accounts (IOLTAS) and other similar accounts. This legislation is necessary because the National Credit Union Administration (NCUA) has interpreted that the Federal Credit Union Act does not permit it to extend such coverage. The legislation would direct the NCUA to extend share insurance to the fund held in trust

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accounts opened and managed by credit union members, even if the funds in such accounts are owned by one or more nonmembers. This would provide parity in the insurance treatment of trust accounts offered by credit unions with the treatment of similar accounts offered by banks.

H.R. 3468 was reported out of the Financial Services Committee on November 14, 2013 by voice vote.

H.R. 2672 –CFPB Rural Designation Petition and Correction Act

H.R. 2672, introduced by Representative Andy Barr (R-KY) would direct the CFPB to establish an application process determining whether a county should be designated as a rural area if the CFPB has not designated it as one. Designation of “rural” by the CFPB has many implications for credit unions, particularly with respect to the type of products credit unions may offer their members in these areas. For instance, the Escrow Requirements under the Truth in Lending Act Rule require certain lenders to create an escrow account for at least five years for higher-priced mortgage loans. If those loans are made by small lenders that operate predominately in rural or underserved counties, they are exempt from this requirement. Another example includes the Ability to Repay and Qualified Mortgage (QM) Standards Under the Truth in Lending Act rule by which mortgage loans with balloon payments do not meet the QM standard. Like the Escrow Rule, small lenders that operate predominately in rural areas are eligible to originate balloon-payment QMs. The CFPB has defined “rural” by using the U.S. Department of Agriculture Economic Research Services’ urban influence codes.

H.R. 2672 was reported out of the Financial Services Committee on March 14, 2014 by a vote of 54-1.

Conclusion

Each of these bills would reduce credit unions regulatory burden and help them better serve their members. They were all subject to thorough consideration by the Financial Services Committee, and as the votes indicate, they are noncontroversial. We urge you to support the bills when they come to the floor.

On behalf of America’s credit unions and their 99 million members, thank you very much for your consideration of our views.

Best regards,



Bill Cheney
President & CEO