

November 13, 2013

The Honorable Jeb Hensarling, Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters, Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the Credit Union National Association (CUNA), I am writing in support of the manager's amendment to H.R. 3468, the Credit Union Share Insurance Fund Parity Act, which would provide National Credit Union Share Insurance Fund (NCUSIF) coverage for trust accounts such as Interest on Lawyers Trust Accounts (IOLTAS) and other similar accounts. CUNA is the largest credit union advocacy organization in the United States, representing America's 7,000 state and federally chartered credit unions and their 98 million members.

This legislation is necessary because the National Credit Union Administration (NCUA) has interpreted that the Federal Credit Union Act does not support such parity treatment for these accounts.

The inability of federally insured credit unions to extend share insurance coverage to IOLTAs and prepaid debit card master accounts means that despite the wishes of members to hold these accounts at credit unions, they must use a bank or thrift in order to receive the maximum deposit insurance coverage for all owners of the funds held in such an account.

Attorneys are routinely required to place client funds in IOTLAs. The interest income generated by the accounts is often sent to State Bar Foundations, which help support legal services for economically disadvantaged citizens. These important programs allow Americans to have access to legal services at no cost to the taxpayer. However, because NCUA has not extended parity share insurance coverage to such accounts, lawyers have often been unable to fully utilize the services of a credit union to help them manage these funds.

The manager's amendment would direct the NCUA to issue a regulation extending share insurance to all owners of the funds held in trust accounts opened and managed by credit union members, even if the funds in such accounts are owned by one or more nonmembers. This is the same approach used by the FDIC for equivalent accounts.

On behalf of America's 7,000 credit unions and their 98 million members, thank you for considering this bill. We look forward to working with you and members of the Financial Services Committee to enact this important legislation.

Best regards,



Bill Cheney
President & CEO