

March 21, 2001

Dear Senator :

On behalf of the nation's 80 million credit union members, the Credit Union National Association (CUNA) is pleased that the Senate has overwhelmingly passed S. 420, the *Bankruptcy Reform Act of 2001*. As strong supporters of this bill, credit unions thank you for your support of this important legislation.

This legislation, like most bills, is a product of compromise. In this case, however, the many compromises have been forged over several years of debate and votes. I am confident that it preserves the right of those Americans whose financial situation is destitute to file bankruptcy and get a fresh start. At the same time, the bill takes several steps toward ending the practice of using bankruptcy as a financial planning tool. Of particular significance to credit unions, the bill will establish a means test to require those that have an ability to repay all or part of their debts to do so; it preserves the right of credit union members to voluntarily reaffirm their debts with their credit unions; and it requires mandatory financial counseling to help consumers understand their options and put their financial houses in order.

In that regard, credit unions recognize that the private sector has a responsibility to provide consumers with the financial knowledge necessary to help avoid the need to file bankruptcy in the first place. That is why CUNA has partnered with the Department of Agriculture and the National Endowment for Financial Education to provide financial literacy training to twelfth-graders around the country. If we can train our students how to handle their finances at a young age, perhaps bankruptcy will become a tool needed only in the most desperate and unavoidable situations.

It is our hope that the Senate and House can quickly resolve the differences in their respective versions of this bill, and that bankruptcy abuse reform legislation will soon become law.

Thank you again for your support of S. 420. We look forward to working together on other matters of importance to the American consumer.

Sincerely,

Daniel A. Mica
President & CEO