



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

July 28, 2009

The Honorable Joe Baca
Member of Congress
2245 Rayburn House Office Building
Washington, DC 20515

Dear Representative Baca,

On behalf of the Credit Union National Association (CUNA), I am writing in support of your amendment to H.R. 3269, the Corporate and Financial Compensation Fairness Act. CUNA is the largest credit union trade association representing nearly 90 percent of America's 8,000 state and federally chartered credit unions and their 90 million members.

The credit union structure combined with strong compensation regulations already in place have resulted in credit unions being largely immune from both excessive and unsafe risk-taking and from the criticism assigned to for-profit financial services providers. The Baca Amendment recognizes these important distinctions and would exclude credit unions from the scope of the legislation. We support this amendment and believe it is an appropriate change to the legislation.

Credit unions are unique, member-owned, not-for-profit, financial cooperatives, and they simply do not have the same operational motives as for-profit depository institutions. As a result, credit unions are risk-averse institutions operating in the best interest of their members. Further, the compensation structure of credit unions is not only less aggressive than the for-profit financial institutions, it is also more modest – with the average credit union CEO making approximately \$93,000 per year.

The National Credit Union Administration Board (NCUA) already has compensation regulations in place that are designed to prevent the types of dangerous compensation structures that exist in other sectors. These include Section 701.21(c) of NCUA's Rules and Regulations, restricting compensation related to loans to members and lines of credit to members; Section 701.33, restricting compensation to credit union board members; and Section 712.8, restricting compensation to credit union employees or board members from credit union service organizations in which the credit union has an outstanding loan or investment.



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 Joe Baca
July 28, 2009
Page Two

Applying the provisions of H.R. 3269 to credit unions would at best be duplicative of current regulations and at worse could increase the cost and regulatory burden on a sector of the financial services industry that neither caused the economic crisis nor engaged in the type of compensation arrangements that this legislation seeks to address. We urge Members of the Financial Services Committee to support the Baca Amendment to H.R. 3269.

On behalf of America's credit unions, thank you very much for offering this amendment.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Mica". The signature is written in a cursive style with a large, prominent initial "D".

Daniel A. Mica
President & CEO