



July 31, 2009

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Re: H.R. 3269, The Corporate and Financial Institution Compensation Fairness Act of 2009

Dear Speaker Pelosi:

On behalf of the Credit Union National Association (CUNA) and the National Association of Federal Credit Unions (NAFCU) we are writing to share our concerns on H.R. 3269, the *Corporate and Financial Institution Compensation Fairness Act of 2009*, as reported by the House Financial Services Committee.

While we applaud this effort at ensuring compensation structures do not encourage excessive risk-taking to chase profits that can lead to systemic risk, we believe it is inappropriate to include credit unions in this legislation as currently drafted. Unlike for-profit institutions, credit unions do not chase profit; therefore, they should not be grouped in legislation aimed at discouraging incentives that encourage risk-taking to chase profits. While the adoption of an amendment during Committee mark-up that would exempt institutions under \$1 billion in assets from the scope of Section 4 of the legislation was a step in the right direction, we continue to believe it is the structure, and not the size, of credit unions that is the reason why they should be exempted.

Credit unions are not-for-profit, member-owned cooperatives that, unlike for-profit entities, are singularly focused on service to their members. Furthermore, they are governed by a volunteer board of credit union member directors that serve generally without remuneration and ultimately decide the compensation for key employees of the credit union. We believe it is critical that not-for-profit institutions be treated differently than for-profit entities in this legislation.

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Including credit unions as covered institutions under Section 4 of the legislation and having the NCUA prescribe regulations in conjunction with other regulators who supervise for-profit, stock-issuing entities does not seem to make for good policy. Quite frankly, those running for-profit entities have different motives, which can open the door for abuse. We hope that as H.R. 3269 moves through the legislative process, additional changes can be made to recognize the unique structure of credit unions and exempt them from Section 4 of the legislation.

We thank you for your attention to this matter and look forward to working with you on this issue.

Sincerely,

The Credit Union National Association
The National Association of Federal Credit Unions

cc: Members of the House of Representatives