



CUNA & Affiliates

A Member of the Credit Union System

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Daniel A. Mica
President & CEO

September 15, 2004

The Honorable Michael D. Crapo
United States Senate
SD-239 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Crapo:

Thank you for taking on the difficult, but important, task of trying to find a consensus on provisions to include in a Senate regulatory relief bill. Your leadership in this area is greatly appreciated.

As you may recall from our testimony before the Senate Banking Committee on June 22, credit unions are the most heavily regulated of all insured financial institutions. Any effort to reduce or eliminate unnecessary paperwork and regulatory obstacles can only help credit unions improve the quality of service their members have come to expect.

We are therefore grateful for the opportunity to comment on the provisions in the matrix recently compiled for you by FDIC Vice Chairman Reich. I note that the matrix includes more than 130 proposals. Most of these proposals pertain to operations and other matters pertaining to the banking or thrift industries. Unless a provision has a direct impact on credit unions, we have no comment and take no position at this time. While there are several provisions in the matrix related to consumer issues that we have an interest in, we understand that these would not be likely candidates for inclusion in a regulatory relief bill. If that status changes we would likely have some comments to offer.

Per your request, the following represents CUNA's positions on the provisions in the matrix pertaining directly to credit unions:

1. Interest on Reserves: Support
2. Reserve Requirement Flexibility: Support
8. Prompt Corrective Action—Risk-based Net Worth: Support
9. Check Cashing and Money Transfer Services Offered within the Field of Membership: Support
10. Eliminate 12-year Limitation of Term of Federal Credit Union Loans: Support
11. Increase in 1 Percent Investment Limit in Credit Union Service Organizations: Support
12. Investments by Federal Credit Unions: Support
13. Voluntary Merger Authority: Support
14. Treatment of Credit Unions as Depositories Under Securities Laws: Support



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15. Qualified Financial Contracts: Reviewing position
16. Leases of Land on Federal Facilities for Credit Unions: Support
17. Member Business Loan Exclusion for Loans to Non-Profit Religious Organizations: Support
18. Conversions Involving Common-bond Credit Unions: Support
19. Credit Union Governance: Support
20. Providing NCUA with Greater Flexibility in Responding to Market Conditions: Support
21. Exemption from Pre-merger Notification Requirement of the Clayton Act: Support
22. Privately Insured Credit Unions Authorized to Become Members of a Federal Home Loan Bank: Support
23. Technical Corrections to FCUA: Support
24. Redefinition of Regulatory Capital Necessitated by an Accounting Rule Change: Support
25. Vendor Examinations: CUNA's current position is that while we supported this authority for Y2K purposes, we see no need to extend it permanently.
83. Credit Union Voting Conversion Requirements: CUNA's position is that while we believe the credit union charter is the better choice for consumers, we recognize the right of credit union members to determine the appropriate charter for themselves without having undue restrictions on their ability to make that choice, so long as it is fully informed through proper disclosure.
84. Limits on Member Business Loans: The matrix fails to point out CUNA's clearly articulated position on this issue. Through testimony before the House and Senate, as well as our strong support of H.R. 3579, we have made it very clear that while we prefer that the MBL cap be eliminated totally, we support efforts to increase the cap to 20 percent.
85. Definition of Member Business Loan: Again, the matrix fails to recognize CUNA's clearly stated position of support for increasing the definition from \$50,000 up to \$100,000.
86. Restrictions on Member Business Loans: CUNA has made its position of support of this provision very clear as well, although not noted in the matrix.
121. Leasing Space in Building with Credit Union Offices in Underserved Areas: Support
122. Reduce Restrictions on MBLs: Support
123. Community Credit Union Membership: Support
124. Credit Union ATMs: Support
125. NCUA Board Membership Requirement: Support

Again, thank you for your leadership in this area and inviting CUNA to provide its views. Please feel free to continue calling on us to assist you in this or any other area of concern to credit unions.

Sincerely,



Daniel A. Mica
President & CEO

Best regards!

