

July 23, 2015

The Honorable Richard Shelby  
Chairman  
Senate Banking Committee  
Washington, DC 20515

The Honorable Sherrod Brown  
Ranking Member  
Senate Banking Committee  
Washington, DC 20515

The Honorable Jeb Hensarling  
Chairman  
House Financial Services Committee  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services Committee  
Washington, DC 20515

Dear Chairmen Shelby and Hensarling and Ranking Members Brown and Waters:

The undersigned organizations, representing the 53 State Bankers Associations from every state in the country, write to strongly urge you to hold the credit union industry accountable and to significantly increase your oversight authority over the National Credit Union Administration (NCUA). NCUA is charged with protecting the safety and soundness of credit unions, but has turned into a cheerleader for the \$1 trillion tax exempt industry it is charged with supervising.

We are deeply troubled by the actions and recent comments from NCUA's Chairman that, in the name of "regulatory relief," the agency is prepared to essentially provide the credit union lobby's legislative agenda through regulation despite Congress' repeated unwillingness to do so directly. For example, in June, NCUA proposed expansive changes to its business lending regulations, claiming authority to raise the Congressionally-imposed cap on business loans. The proposal also effectively makes the cap irrelevant through changes to loan participations, threatening safety and soundness and diverting credit unions from their mission of serving consumers.

NCUA's Chairman also said in a June 25, 2015 speech that the agency is on the verge of proposing regulations to water down the statutory prohibition on supplemental forms of capital and limitations on credit union fields of membership. Both would fuel substantial growth in the tax-exempt credit union industry, making a mockery of any concept of serving a targeted market. Even more brazenly, NCUA's Chairman also took credit in the same speech for freeing nearly *half of all credit unions* from statutory limitations on business lending, supplemental capital, and the acceptance of non-member deposits from any source through "streamlining" qualification for a designation designed to serve low-income people. With so many credit unions qualifying, we question whether NCUA could possibly be giving each institution a serious look at whether this special designation is appropriate. This is evidenced by some of the credit unions that have earned the status: one that serves residents of one of America's wealthiest communities, Stamford, CT, and others that serve America's wealthiest universities, including Harvard and Georgetown.

"Regulatory relief" does not mean promoting explosive growth of the credit union industry at the expense of taxpayers, community banks, or the communities those banks serve. Credit unions enjoy a massive \$25.39 billion federal subsidy over 10 years in the form of the tax exemption. **These proposed changes would exponentially expand that tax subsidy while creating significant safety and soundness concerns, and should call into question whether the 81 year-**

**old tax exemption is appropriate in the modern era.** They certainly call into question the adequateness of the NCUA. We call on Congress to hold the credit union industry and the NCUA accountable and do everything possible to rein in this out-of-control agency.

Sincerely,

Alabama Bankers Association	Montana Bankers Association
Alaska Bankers Association	Nebraska Bankers Association
Arizona Bankers Association	Nevada Bankers Association
Arkansas Bankers Association	New Hampshire Bankers Association
California Bankers Association	New Jersey Bankers Association
Colorado Bankers Association	New Mexico Bankers Association
Connecticut Bankers Association	New York Bankers Association
Delaware Bankers Association	North Carolina Bankers Association
Florida Bankers Association	North Dakota Bankers Association
Georgia Bankers Association	Ohio Bankers League
Hawaii Bankers Association	Oklahoma Bankers Association
Heartland Community Bankers Association	Oregon Bankers Association
Idaho Bankers Association	Pennsylvania Bankers Association
Illinois Bankers Association	Puerto Rico Bankers Association
Illinois League of Financial Institutions	Rhode Island Bankers Association
Indiana Bankers Association	South Carolina Bankers Association
Iowa Bankers Association	South Dakota Bankers Association
Kansas Bankers Association	Tennessee Bankers Association
Kentucky Bankers Association	Texas Bankers Association
Louisiana Bankers Association	Utah Bankers Association
Maine Bankers Association	Vermont Bankers Association
Maryland Bankers Association	Virginia Bankers Association
Massachusetts Bankers Association	Washington Bankers Association
Michigan Bankers Association	West Virginia Bankers Association
Minnesota Bankers Association	Wisconsin Bankers Association
Mississippi Bankers Association	Wyoming Bankers Association
Missouri Bankers Association	

cc: Members of the Senate Committee on Banking, Housing and Urban Affairs  
Members of the House Committee on Financial Services