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Fred R. Becker, Jr.
President and CEO

July 9, 2012

The Honorable Spencer Bachus
Chairman
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Barney Frank
Ranking Member
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Bachus and Ranking Member Frank:

I write today on behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federally chartered credit unions, with respect to the issue of noninterest-bearing transaction accounts (NIBTAs).

The *Dodd-Frank Wall Street Reform and Consumer Protection Act* mandated that this type of account would be fully insured by the National Credit Union Administration (NCUA), and the Federal Deposit Insurance Corporation (FDIC), without limit, through December 31, 2012. As is the case with banks, credit unions fund this coverage through their insurance premium payments to the National Credit Union Share Insurance Fund (NCUSIF). NAFCU understands that the additional coverage for NIBTAs, and the corresponding FDIC program, was made on a temporary basis as service providers were at risk of facing unforeseen liquidity issues. The higher guarantee on NIBTAs (mostly checking accounts held by businesses to cover payrolls, accounts payable and other activities) has given small businesses the ability to partner with local financial institutions and create job growth in their respective communities.

With the expiration of these programs near, we understand that the Committee is examining the extension of insurance coverage in light of our economy's continued fragility. Should Congress choose to extend the corresponding program at the FDIC for our nation's community banks, we would strongly advocate for parity for the credit union industry.

As the Committee reviews the issues relating to parity between the insurance funds of the FDIC and the NCUSIF, NAFCU would also like to address the insurance coverage of Interest on Lawyers Trust Accounts (IOLTAs). IOLTAs often contain funds from many clients, some of whom may have funds in excess of the standard $250,000 share insurance limit. To the extent the FDIC is required to fully insure IOLTAs, it is essential for the NCUA's share insurance fund to be treated identically in order to maintain parity between the two federal insurance programs. Congress passed a change to the Dodd-Frank law to clarify the FDIC's ability in this area, but unfortunately failed to provide parity to credit unions. We urge the Committee to take action to correct this disparity.

The second session of the 112th Congress is coming to a close, and we understand that there are a limited number of legislative provisions that may be enacted to address these issues. Accordingly, we would urge the Committee to carefully consider the introduction of a combined package encompassing NIBTAs and IOLTAs, while also including language to lift the arbitrary credit union member business lending cap. Combining these issues, along with other possible regulatory relief measures, would be one way for the Committee to help our nation's community financial institutions, small businesses and consumers.

We thank you for your consideration of this matter and welcome the opportunity to discuss these matters further. If my colleagues or I can be of assistance to you please feel free to contact NAFCU's Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204 or me at (703) 842-2215.

Sincerely,

Fred R. Becker, Jr.
President and CEO

cc: Members of the House Financial Services Committee