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National Association of Federal Credit Unions | www.nafcu.org

December 6, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Re: TAG Extension Must Include IOLTA Coverage for CUs and Member Business Lending

Dear Leader Reid and Leader McConnell:

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, I write today regarding legislation (S. 3637) that would extend the Transaction Account Guarantee (TAG) program for community banks and for credit unions with respect to non-interest bearing transaction accounts. With the legislative days left this Congress waning, and cloture having been filed on the motion to proceed to the TAG extension bill, we respectfully ask that this legislation be amended to include coverage on Interest on Lawyer's Trust Accounts (IOLTAs) for credit unions and be coupled with legislation on credit union member business lending (S. 2231). Given the limited timeframe Congress is working with, considering a TAG extension without IOLTA coverage and a member business lending increase for credit unions and their 95 million members would be unconscionable.

As the Senate reviews the issues relating to parity between the insurance funds of the FDIC and the NCUSIF, NAFCU strongly urges you to address the insurance coverage of Interest on Lawyers Trust Accounts (IOLTAs) along with the TAG program. 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 at that time. It is worth noting that, as outlined in their letter to you in July, both the American Bankers Association and the Independent Community Bankers of America support IOLTA parity for both bank and credit union depositors.


Passing a package combining the three issues above would not only be a win-win proposition for credit unions and banks, but also for the American people and our nation's economy. NAFCU

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would support such an economic growth package, and it is with this in mind, that NAFCU would urge the Senate to consider this as one approach to help our nation's struggling economy.

We thank you for your consideration and welcome the opportunity to discuss this matter further. If my colleagues and I can be of assistance to you or if you have any questions regarding this issue, please feel free to contact myself or NAFCU's Senior Associate Director of Legislative Affairs, Jillian Pevo at (703) 842-2286.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Thaler", with a long horizontal flourish extending to the right.

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the United States Senate