



3138 10th Street North  
Arlington, VA 22201-2149  
P: 703.842.2234  
F: 703.522.0594  
chunt@nafcu.org

**Carrie R. Hunt**  
Senior Vice President of Government Affairs  
and General Counsel

National Association of Federal Credit Unions | [www.nafcu.org](http://www.nafcu.org)

September 17, 2013

The Honorable Sam Graves  
Chairman  
Committee on Small Business  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Nydia M. Velazquez  
Ranking Member  
Committee on Small Business  
United States House of Representatives  
Washington, D.C. 20515

**Re: NAFCU support for the Regulatory Flexibility Improvements Act of 2013 (H.R. 2542)**

Dear Chairman Graves and Ranking Member Velazquez:

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 in conjunction with tomorrow's mark-up of the *Regulatory Flexibility Improvements Act of 2013* (H.R. 2542) to express our support for this legislation. Credit unions help provide critical access to credit for small businesses across the country, and as not-for-profit cooperatives, credit unions are small businesses themselves. Accordingly, credit unions and their 96 million members strongly support efforts to ensure that all federal agencies, including agencies with direct jurisdiction over credit unions including the National Credit Union Administration (NCUA) and Consumer Financial Protection Bureau (CFPB), appropriately consider the impact of their rules on small business.

As you know, this important piece of legislation would clarify that agencies must measure both the direct economic impact, and the reasonably foreseeable indirect economic impact, that regulations are having on small entities (including credit unions). It would also require agencies to provide detailed analyses of impacts in both proposed and final rules, including estimates of cumulative economic impacts. Strengthening the *Regulatory Flexibility Act* will help to ensure that small entities have more information about how regulations will impact them and a greater opportunity to meaningfully participate in the rulemaking process.

It is worth noting that in January of this year the NCUA finalized a rule changing the agency's definition of a "small entity" for the purposes of the *Regulatory Flexibility Act* to include federally insured credit unions with less than \$50 million in assets, an increase from the \$10 million figure used since 2003. NAFCU supported this change as a step in the right direction and continues to encourage a definition that would capture all credit unions. Credit unions, regardless of asset size, operate on a not-for-profit basis and are organized without capital stock. In the wake of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, credit unions face an influx of rulemaking often times aimed at the nation's biggest banks that contributed to the


the financial crisis. Accordingly, as an issue of fairness given that credit unions did not contribute to the financial crisis, NAFCU believes all such rules should be examined from a small lender and credit union compliance perspective.

As the Small Business Committee continues to review the *Regulatory Flexibility Act*, and looks for ways to cut down on duplicative and over-burdensome federal regulation, we urge you to also be mindful of efforts to provide tailored regulatory relief for our nation's credit unions. We urge your support for legislation introduced by Representative Gary Miller, the *Regulatory Relief for Credit Unions Act of 2013* (H.R. 2572), reflecting key concerns NAFCU shared with Congress in February as part of our five-point plan for credit union regulatory relief. As introduced, the bill would:

- establish a risk-based capital system for credit unions;
- allow the NCUA to grant federal credit unions a waiver to follow a state rule instead of a federal one in certain situations;
- authorize the NCUA to step in where appropriate to modify or delay application of a CFPB rule affecting credit unions as long as the goal of the rule is still met;
- require that the NCUA and the CFPB revisit cost/benefit analyses of rules after three years so they have a true sense of the compliance costs for credit unions;
- require the NCUA to conduct a study of the Central Liquidity Facility and make legislative recommendations for its modernization;
- give credit unions better control over their investment decisions and portfolio risk; and,
- provide credit unions parity with FDIC-insured institutions when it comes to deposit insurance coverage on Interest on Lawyers Trust Accounts (IOLTAs).

Thank you for the opportunity to provide additional information with respect to the overwhelming amount of regulatory burden credit unions face. In addition to supporting swift passage of the *Regulatory Flexibility Improvements Act* (H.R. 2542) when it is marked-up by the Small Business Committee tomorrow, NAFCU is hopeful that reduced regulatory burden for small businesses such as credit unions will continue to be a priority. If my colleagues or 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 Vice President of Legislative Affairs, Brad Thaler at (703) 842-2204.

Sincerely,



Carrie Hunt

Senior Vice President of Government Affairs & General Counsel

cc: Members of the House Committee on Small Business  
The Honorable Spencer Bachus