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November 2, 2015

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

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

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the National Association of the Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I write to discuss several of the bills that will come before the committee during tomorrow's markup.

H.R. 3738, the "Office of Financial Research Accountability Act of 2015"
This bill would be an important step in improving the Treasury Department's Office of Financial Research (OFR). It will increase both accountability and transparency, which are critical to the work of the OFR. H.R. 3738 will require the OFR to produce and publish annual work plans as well as seek input from the functional regulators of firms that are the subject of the reports. It will also require OFR to develop a cybersecurity plan to ensure the sensitive data the office collects is protected. NAFCU supports this legislation and urges its passage.

H.R. 3557, the "FSOC Transparency and Accountability Act"
This important legislation would improve the deliberative process of the Financial Stability Oversight Council (FSOC). H.R. 3557 would limit the specified members of FSOC to one vote per member. Ensuring the specified agencies have only one vote would guarantee that the concerns and issues of each agency will be considered with the same level of attention and importance. It will prevent the work of FSOC from being dictated and dominated by a select few of its members. H.R. 3557 would also allow staff of FSOC members and Members of Congress to attend its meetings. Allowing staff of FSOC members to attend meetings will only increase the available expertise in considering matters that come before the council, and allowing Members of Congress to attend will provide for greater oversight and transparency. NAFCU is supportive of this legislation and urges its passage.

H.R. 1660, the "Federal Savings Association Charter Flexibility Act"
NAFCU has significant concerns with H.R. 1660 as currently constituted. This legislation would permit federal savings associations to elect to operate with the rights and duties of national banks. In short, this bill would be a significant increase to the lending ability of thrifts and

dramatically alter the federal savings association charter. We cannot support this legislation without necessary improvements to the *Federal Credit Union Act* (FCU Act).

Credit unions had a strong track record during the economic crisis and provided Americans with safe and stable financial institutions they could trust. If there is any opportunity to improve federal charters of financial institutions, the FCU Act should certainly receive consideration. There are a number of ways to update the FCU Act to help credit unions provide much needed financial services across the nation.

While credit unions remained a reliable source for capital even during the economic crisis, the assistance they have been able to provide small businesses is limited by an arbitrary business lending cap. Credit unions also face restrictions on their ability to raise supplemental capital. Finally, credit unions face a number of outdated field-of-membership restrictions, including their ability to add underserved areas.

We would be happy to work with the committee to create a balanced package that included charter improvements for both federal savings associations and addresses these issues for credit unions. NAFCU urges the committee to reject H.R. 1660 in its current form.

We thank you for the opportunity to comment on legislation coming before the committee. If you have any questions or need any assistance, please don't hesitate to contact me or NAFCU's Associate Director of Legislative Affairs, Quincy Enoch, at 703-842-2261 or qenoch@nafcu.org.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee