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B. Dan Berger
President & Chief Executive Officer

National Association of Federally-Insured Credit Unions

January 24, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Re: Response to ICBA's attack on credit unions during federal government shutdown

Dear Chairwoman Waters and Ranking Member McHenry:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in response to a letter that Rebecca Romero Rainey, President and CEO of the Independent Community Bankers of America (ICBA), sent to you on January 18, 2019, in which ICBA attacks the recent action by the National Credit Union Administration (NCUA) to authorize an emergency merger of Pentagon Federal Credit Union (PenFed) and Progressive Credit Union. We are disappointed that ICBA has chosen to continue its long history of attacking credit unions at a time when our industry is hard at work trying to meet the needs of hundreds of thousands of federal employees and contractors negatively impacted by the current ongoing federal government shutdown.

Credit unions, including PenFed, have a number of programs to help their members during the shutdown. These include "skip payment" options, a discounted furlough loan product, and direct deposit assistance where furloughed workers can basically have their salary that is usually direct deposited advanced to them in an overdraft line of credit at 0%, essentially allowing them to access their paycheck funds while they are not getting paid by the federal government. Credit unions are about helping their members, not trying to limit competition, as appears to be ICBA's motive here.

The NCUA has a mission to oversee the National Credit Union Share Insurance Fund (NCUSIF), which, in turn, protects credit union members and ultimately the American taxpayer. The *Federal Credit Union Act* allows the NCUA Board to "authorize an emergency merger of an insured credit union that is insolvent or in danger of insolvency if an emergency requiring expeditious action exists, if other alternatives are not reasonably available and the public interest would be best-served by approval." As the NCUA noted in a story on the merger published January 4, 2019 in the *Credit Union Journal* ("PenFed's latest expansion move sets off another banker battle" by Palash Ghosh and John Reosti), they took action on the emergency merger in question after careful analysis that these terms were met. The NCUA has used similar emergency authority to resolve issues with other credit unions and keep them out of conservatorship in the past. So this action was nothing new, and it helped prevent a charge to the NCUSIF and a loss of financial services to Progressive Credit Union's members.

ICBA would be better served by focusing their efforts on helping the many Americans who are negatively impacted by the ongoing government shutdown, instead of attacking those who are focusing their efforts on helping. In the meantime, credit unions will continue to focus on meeting the needs of their 114 million members, including those facing hardship due to the current government furloughs.

Thank you for the opportunity to respond on this important issue. We look forward to continuing to work with the Committee on issues of importance to credit unions. Should you have any questions or require any additional information, please contact me or Brad Thaler, NAFCU's Vice President of Legislative Affairs, at 703-842-2204 or at bthaler@nafcu.org.

Sincerely,



B. Dan Berger
President and CEO

cc: Members of the House Financial Services Committee