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National Association of Federally-Insured Credit Unions

October 18, 2018

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

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

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

Re: NCUA's Risk-Based Capital Rule for Credit Unions

Dear Chairman Crapo, Chairman Hensarling, Ranking Member Brown, and Ranking Member Waters:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write today regarding the National Credit Union Administration's (NCUA) risk-based capital (RBC) rule for credit unions.

Earlier today, the NCUA Board finalized an updated RBC rule that would delay the effective date of the rule by one year, from January 1, 2019, to January 1, 2020. Today's action also raised the threshold of what the NCUA considers a "complex" credit union subject to the rule from $100 million to $500 million. While this action provides some immediate temporary relief from the original January 1, 2019 implementation date, it does not fully address all of the industry's concerns with the RBC rule (which include defining "complex" credit unions not by assets, but by activities, ensuring risk-weight categories better align with weights for the banking industry, and ensuring credit unions have similar options to what Congress has established for community banks). NAFCU believes a two-year legislative delay, until January 1, 2021, is still desirable to ensure that the NCUA has additional time to re-examine specific issues with the RBC rule and its potential negative impacts on credit unions before it takes effect.

That is why we still believe that Congress must act on bipartisan legislation, H.R. 5288, the *Common Sense Credit Union Capital Relief Act of 2018*, that would delay the effective date of the NCUA's RBC rule to January 1, 2021. This legislation has been passed in the House of

Representatives three times this year as part of larger packages, including as part of the FY 2019 Financial Services and General Government appropriations measure. It was also part of the House amendments to S. 488, the *JOBS and Investor Confidence Act of 2018* (JOBS Act 3.0), which passed the House 406-4 and is pending in the Senate.

While today's action was an important step in the right direction by the NCUA, it should not be viewed as fully addressing the industry's concerns about the negative impacts that the rule as written will have on a number of credit unions. We look forward to working with Congress and the NCUA to address our ongoing concerns about this rule before it takes effect. Should you have any questions or require any additional information, please contact me or Allyson Browning, NAFCU's Associate Director of Legislative Affairs, at 703-842-2836 or abrowning@nafcu.org.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Senate Banking Committee
Members of the House Financial Services Committee