



July 19, 2019

The Honorable Jeff Fortenberry  
U.S. House of Representatives  
1514 Longworth Office Building  
Washington, DC 20515

Dear Congressman Fortenberry:

As you are aware, the Nebraska Bankers Association (NBA) and the banking industry in general, have consistently drawn attention to the impact the tax-advantaged credit unions have on Nebraska taxpayers, and ultimately our state's political subdivisions. In addition, we have routinely demonstrated that credit unions have failed to meet their federal statutory "mission" to serve households of "small means." The recent decision by the National Credit Union Administration (NCUA) to expand the threshold for appraisal requirements commercial real estate transactions from \$250,000 to \$1 million, for example, is also another indication of the credit union's cheerleader regulator making decisions well beyond other financial regulators.

A recent study conducted by respected independent research firm Federal Financial Analytics, provides additional credence and fact-based research to these direct and growing criticisms of the credit union industry. The study was commissioned by the American Bankers Association, which had no editorial control over Federal Financial Analytics' research and conclusions. A complete copy of the study may be found at: [http://www.fedfin.com/images/stories/client\\_reports/FedFin Paper-The Credit-Union Equality Commitment-An Analytical Assessment.pdf](http://www.fedfin.com/images/stories/client_reports/FedFin Paper-The Credit-Union Equality Commitment-An Analytical Assessment.pdf).

The study assessed not only the extent to which credit unions meet their mission, but also how their federal regulator judges and enforces it. The study, found among other things, that:

- Credit unions are falling short of their mission to serve households of "small means." Research found that credit union members are disproportionately from middle- and upper-income households.

- The NCUA maintains no data on credit unions' effectiveness at providing financial services to people of "small means."
- The NCUA definition of "low-income" is far more expansive than that used by other federal agencies. As a result, designated low-income credit unions simply replace credit otherwise provided by tax-paying community banks, rather than providing new credit.
- Credit unions evade the Federal Credit Union Act mandate to provide credit for "provident or productive purposes" by making risky and even "predatory" loans - including subprime auto loans and notoriously tax-medallion loans that have resulted in several credit union failures and saddled vulnerable borrowers with massive debts.

The study readily acknowledges the vital role credit unions can and should play in household financial services – but that role has become blurred as many credit unions increasingly look and act like banks, even to the extent of purchasing banks in ever-increasing numbers.

We would strongly encourage you to take a truly critical look at today's \$1.5 trillion credit union industry to ensure the American taxpayer is being treated fairly. The NCUA should be encouraged to conduct a full and fair assessment of whether the credit union industry is meeting its targeted, statutory mission to serve households of "small means," and the NCUA Inspector General asked to review the regulator's role in allowing credit unions to lose sight of their mission.

In closing, I would encourage you to read the report and judge for yourself if today's credit union industry is meeting the mission intended by Congress and whether the NCUA is providing the regulatory oversight consumers deserve. We believe that the credit unions have strayed from their mission to such an extent that major reforms are needed.

As always, thank you for your consideration of our interests on this issue.

Sincerely,



Richard J. Baier  
President & CEO

RJH/jh



July 19, 2019

The Honorable Adrian Smith  
U.S. House of Representatives  
320 Cannon House Office Building  
Washington, DC 20515

Dear Congressman Smith:

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July 19, 2019

The Honorable Don Bacon  
U.S. House of Representatives  
1516 Longworth House Office Building  
Washington, DC 20515

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