

The Credit Union Legislative Agenda: The Community Bank Perspective

Issue: The Credit Union Tax Exemption

The Community Bank Perspective: The credit union tax exemption was conditioned on a narrowly limited mission: Serving consumers of *modest means* with a common bond. Today's credit unions include "stealth banks" – multi-billion dollar institutions with broad commercial lending powers and no effective check on their fields of membership despite a tax exemption that costs Federal, state and local governments billions of dollars each year. It's time for Congress to reexamine this outdated tax exemption.

Issue: Expanding Credit Union Member Business Lending

The Community Bank Perspective: Only about two percent of all credit unions are near the current cap on member business loans which is set at 12.25 percent of assets. There is ample capacity for the remaining credit unions to expand their business lending without any statutory or regulatory expansion and there are already numerous exemptions to the current cap. ICBA strongly opposes H.R. 1188, which would more than double commercial lending capacity of credit unions without curtailing their generous tax exemption. ICBA similarly opposes any regulatory expansion of credit union commercial lending by the National Credit Union Administration. You might ask the credit union members you meet with if they are bumping up against the cap. ICBA has many additional concerns as we've previously communicated.

Issue: Credit Union Supplemental Capital

The Community Bank Perspective: As a condition of their tax exemption, credit unions must have a "cooperative character" and operate exclusively for the benefit of members. Allowing credit unions to raise supplemental capital from outside investors would undermine this cooperative character, and shift the primary focus of credit unions away from their members. Profit seeking investors should not be allowed to leverage the credit union tax subsidy.

Common Ground for Community Banks and Credit Unions

Issue: Regulatory Relief

The Community Bank Perspective: ICBA and CUNA have jointly endorsed a number of bills to provide critical regulatory relief for financial institutions. Examples include: bills to provide "qualified mortgage" (QM) status to mortgages held in portfolio by community banks and credit unions; relief from redundant annual privacy notice mailings when a bank or credit unions has not changed its privacy policies; and changing the governance structure of the Consumer Financial Protection Bureau from a single-director model to a five-member commission.

Issue: Data Security

The Community Bank Perspective: The financial integrity of our customers is vital for both community banks and credit unions. We have a strong common interest in restoring trust in our payments system which is critical to sustaining consumer confidence and the economic recovery.