CUNA
Credit Union National Association

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The Honorable Ed Royce
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Ed Perlmutter
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Gary Miller
Vice Chairman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Brad Sherman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Representatives Royce, Perlmutter, Miller and Sherman:

On behalf of the Credit Union National Association (CUNA), I am writing in support of H.R. 3468, the Credit Union Share Insurance Fund Parity Act, which would provide National Credit Union Share Insurance Fund (NCUSIF) coverage for accounts such as Interest on Lawyers Trust Accounts (IOLTAS) and prepaid debit card master accounts to be treated for deposit insurance purposes on the same basis as similar accounts insured by the Federal Deposit Insurance Corporation (FDIC). CUNA is the largest credit union advocacy organization in the United States, representing America's 7,000 state and federally chartered credit unions and their 98 million members.

This legislation is necessary because the National Credit Union Administration (NCUA) has interpreted that the Federal Credit Union Act does not support such parity treatment for these accounts.

The inability of federally insured credit unions to extend share insurance coverage to IOLTAs and prepaid debit card master accounts means that despite the wishes of members to hold these accounts at credit unions, they must use a bank or thrift in order to receive the maximum deposit insurance coverage for all owners of the funds held in such an account.

Attorneys are routinely required to place client funds in IOTLAs. The interest income generated by the accounts is often sent to State Bar Foundations, which help support legal services for economically disadvantaged citizens. These important programs allow Americans to have access to legal services at no cost to the taxpayer. However, because NCUA has not extended parity share insurance coverage to such accounts, lawyers have often been unable to fully utilize the services of a credit union to help them manage these funds.

The lack of deposit insurance parity also creates an obstacle with respect to credit unions holding prepaid debit card master accounts. The funds attached to most general purpose reloadable cards issued by banks and credit unions are typically held in aggregate accounts at the issuing financial institution, not in individual accounts. However, credit unions' ability to serve their members who may wish to issue these types of cards to their employees has been greatly reduced due to the differences in deposit insurance coverage.

H.R. 3468 would direct the NCUA to issue a regulation extending share insurance to all owners of the funds held in trust accounts opened and managed by credit union members, even if the funds in such

accounts are owned by one or more nonmembers. This is the same approach used by the FDIC for equivalent accounts.

On behalf of America's 7,000 credit unions and their 98 million members, thank you for considering this bill. We look forward to working with you and members of the Financial Services Committee to enact this important legislation.

Best regards,

Bill Cheney
President & CEO