

Congress of the United States
Washington, DC 20515

February 18, 2016

The Honorable Debbie Matz
Chairman
National Credit Union Administration
1775 Duke Street,
Alexandria, VA 22314

Dear Chairman Matz:

We are writing you to request the National Credit Union Administration (NCUA) to continue its regulatory relief efforts in 2016, particularly in regards to the credit union examination cycle for well-run institutions.

Last year, the agency named 2015 "The Year of Regulatory Relief" in hopes to find solutions to eliminate burdensome and duplicative regulations. We applaud you for this focus. However, we remain concerned that the number of credit unions continues to decline, down by nearly a quarter since 2008, and due in no small part to overly burdensome regulations on the industry.

NCUA has a crucial role ensuring the safety and soundness of credit unions to withstand a range of economic conditions. However, a recent review of NCUA's budget shows that the agency budgeted an estimated \$231 million for employee compensation with \$6.4 million budgeted exclusively for airfare and auto rentals alone. In order to successfully reduce these operating costs moving forward, we would strongly suggest that the agency move back to an extended examination cycle (with an average of 18-months) for well-run institutions. Doing so would be one way to hold the line on, or even cut, duplicative examination expenses. Allowing more time in between examinations would minimize costs for the agency and especially for smaller lower risk institutions. Returning to an extended or "18-month" examination cycle would preserve NCUA's ability to address risk within the system in a timely manner, but would allow the agency flexibility in its staffing and budgeting process, thereby saving credit unions and NCUA valuable time, resources and money.

In October of 2015, the House passed H.R. 1553, The Small Bank Exam Cycle Reform act of 2015, 411-0. This bill amends the Federal Deposit Insurance Act (FDIA) to allow more small insured deposit institutions to qualify for the 18-month on-site examinations cycle. (This bill ultimately became law as part of the FAST Act - P.L. 114-94.) However, unlike The Office of Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation (FDIC), legislation is not required for NCUA to implement an extended or "18-month" exam cycle for financially sound, well-managed credit unions.

Congress has recognized the benefits of moving lower-risk financial institutions to an extended examination cycle in order to help regulators control examination costs, while simultaneously reducing regulatory burdens for good standing institutions. We strongly encourage the agency to implement a new extended examination schedule for credit unions

to help assist in your regulatory relief efforts. Just last month, the OCC, FDIC and the Federal Reserve Board took the first steps to move toward an extended examination cycle for banks, we hope NCUA will follow suit for credit unions.

With that in mind, we ask that you update us on any agency consideration of an extended examination cycle for credit unions. Does NCUA plan to move toward an extended examination cycle for credit unions in 2016? If so, what is your timeline? If not, why not?

We respectfully request your timely response.

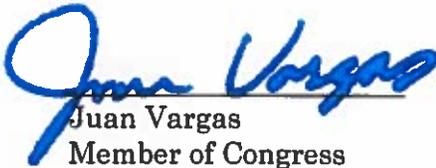
Sincerely,



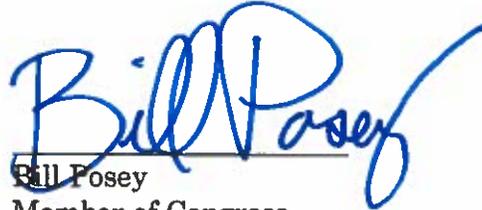
Frank Guinta
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Rubén Hinojosa
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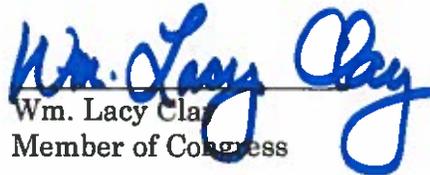
Bruce Poliquin
Member of Congress



Mick Mulvaney
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David Scott
Member of Congress



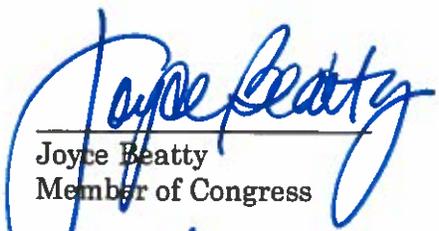
Wm. Lacy Clay
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Roger Williams
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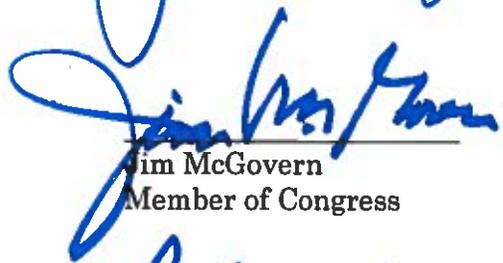
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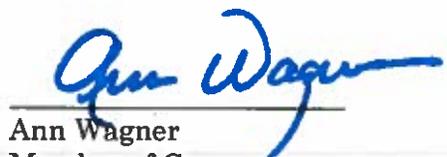
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Edward Royce
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Ann Wagner
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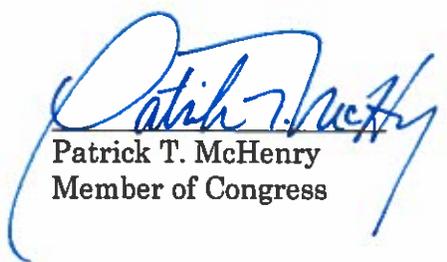
Robert Pittenger
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Peter King
Member of Congress



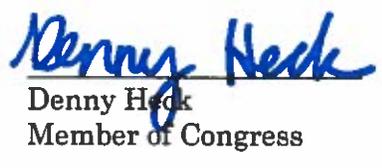
André Carson
Member of Congress



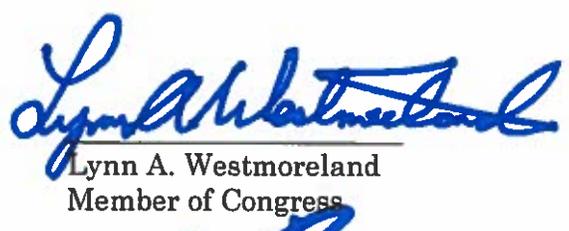
Patrick T. McHenry
Member of Congress



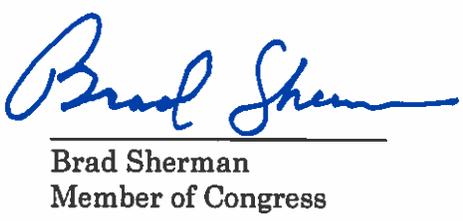
Patrick Murphy
Member of Congress



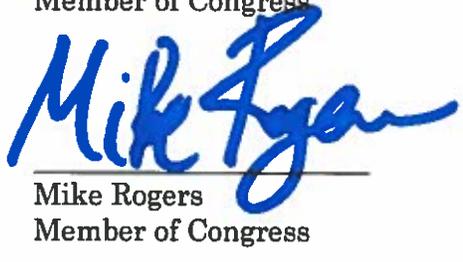
Denny Heck
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Lynn A. Westmoreland
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Brad Sherman
Member of Congress



Mike Rogers
Member of Congress

cc: The Honorable Rick Metsger, Vice Chairman, NCUA
The Honorable J. Mark McWatters, Board Member, NCUA