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B. Dan Berger
President & Chief Executive Officer

National Association of Federally-Insured Credit Unions

June 29, 2018

The Honorable Mick Mulvaney
Acting Director
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

RE: Bureau Exemption Authority

Dear Acting Director Mulvaney:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing to you in regard to the exemption authority conferred upon the Bureau of Consumer Financial Protection (Bureau) by the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act). NAFCU has consistently urged the Bureau to exercise its statutory exemption authority more effectively to exclude credit unions from burdensome regulations that are meant to target bad actors in the financial services industry, not member-owned, cooperative institutions that actually help their communities. Unfortunately, under its previous leadership, the Bureau repeatedly refused to exercise such authority. NAFCU and its member credit unions now urge the Bureau to reevaluate its approach to this exemption authority and begin utilizing it to provide much-needed regulatory relief to credit unions.

Along with the enactment of the Dodd-Frank Act came a wave of consolidation in the credit union industry. Since 2010, over 1,500 credit unions, or about 20 percent of the entire industry, have been forced to close or merge with other credit unions. The consolidation rate has increased in recent years and the number of credit unions continues to decline at a pace of nearly one per day. Much of this consolidation is due to the immense pressures of regulatory compliance, especially for smaller credit unions. These alarming statistics demonstrate the importance of tailored regulations and supervision that account for the unique nature of credit unions. Accordingly, NAFCU recommends that, moving forward, the Bureau make every effort to exempt credit unions from rulemakings and expressly exempt credit unions from its enforcement authority as well as supervisory and examination authority under Section 1022 of the Dodd-Frank Act.

The Bureau is given authority under Section 1022(b)(3) of the Dodd-Frank Act to exempt by regulation any class of covered persons from provisions in Title X of the Act. Section 1025(b)(1) of the *Consumer Financial Protection Act of 2010* (CFPA) provides the Bureau with exclusive authority to supervise and examine credit unions with more than \$10 billion in total assets. This

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section of the CFPA also gives the Bureau the ability to delegate its examination and supervision functions to the National Credit Union Administration (NCUA). NAFCU recommends the Bureau use Section 1022 to not only exempt credit unions from both its enforcement and supervisory jurisdiction, as provided in Section 1025 of the CFPA, but also future rulemakings that are likely to only impose additional burdens on credit unions and further increase the rate of industry consolidation. Such exemptions should occur without regard to an entity's asset size because, as the Office of Financial Research recognized in October 2017, the size of an entity alone does not determine its riskiness. NAFCU also supports a strong, independent NCUA and encourages the Bureau to shift its examination and enforcement functions for larger credit unions over to the NCUA to reduce the burden of parallel oversight.

NAFCU appreciates your attention to this critical matter and looks forward to continuing to work with you to reduce regulatory burden on credit unions. If you have any questions or concerns, please do not hesitate to contact me or Ann Kossachev, NAFCU's Senior Regulatory Affairs Counsel at akossachev@nafcu.org or (703) 842-2212.

Sincerely,



B. Dan Berger
President and CEO

Thanks for your continued support & friendship.