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National Association of Federal Credit Unions | [nafcu.org](http://nafcu.org)

August 22, 2016

The Honorable Joe Donnelly  
United States Senate  
720 Hart Senate Office Building  
Washington, DC 20510

The Honorable Ben Sasse  
United States Senate  
386A Russell Senate Office Building  
Washington, DC 20510

**Re: Action is needed on regulatory relief for credit unions**

Dear Senators Donnelly and Sasse:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing in regards to the August 17, 2016 letter from Consumer Financial Protection Bureau (CFPB) Director, Richard Cordray, responding to your original letter urging the CFPB use the authority granted to it by section 1022(b)(3)(A) of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank). Your letter echoed concerns held by many credit unions and community-based depository institutions that the CFPB was not fully utilizing its congressionally granted authority to tailor rules and grant exemptions from its regulatory requirements.

Unfortunately, Director Cordray's response fell short of alleviating the concerns stated in your letter and further demonstrates the need for immediate regulatory relief for credit unions. In its five years of existence, the CFPB has not done enough to tailor its rules to meet the concerns of community institutions such as credit unions. During the consideration of financial reform, NAFCU was concerned about the possibility of over-regulation of good actors, such as credit unions, and this is why NAFCU was the only financial services trade association to oppose the CFPB having authority over credit unions. Unfortunately, many of our concerns about the increased regulatory burdens that credit unions would face under the *Dodd-Frank Act* have proven true. Since the enactment of Dodd-Frank, we have lost over 1,500 federally-insured credit unions – over 20% of the industry – at a rate that has accelerated since the creation of the CFPB.

Director Cordray states in his letter that “the Bureau recognizes that community banks and credit unions did not cause the financial crisis.” Still, the CFPB has too often included credit unions in regulations meant for those financial institutions which did cause the financial crisis. While they may be well-intentioned, attempts by the Bureau to tailor or provide relief to smaller institutions are often too complex or not workable in the real world, frustrating many smaller institutions. Credit unions are already regulated by the National Credit Union Administration (NCUA) and have to comply with strict regulatory standards and oversight, including consumer protections found in the *Federal Credit Union Act*. The redundancy of oversight and overregulation by the

CFPB has placed an undue burden on credit unions, which are the only low-cost and no-cost financial services options for many Americans.

The Bureau's redundancy and lack of willingness to tailor regulations to exempt credit unions requires swift and decisive congressional action. The CFPB has fallen far short in the use of its authority to alleviate the regulatory burden on small financial institutions. Credit unions cannot wait any longer, they, and their 104 million members, need Congress to act to provide regulatory relief when you return in September. NAFCU stands ready to work with you in this regard. If I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact me or NAFCU's Associate Director of Legislative Affairs Allyson Browning at (703) 842-2836.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Thaler", with a long horizontal flourish extending to the right.

Brad Thaler  
Vice President of Legislative Affairs

cc: Senators who signed July 18, 2016, letter to CFPB Director Cordray