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B. Dan Berger
President & Chief Executive Officer

National Association of Federal Credit Unions | www.nafcu.org

March 17, 2016

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordray:

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 to you regarding your recent testimony before the House Financial Services Committee on the Consumer Financial Protection Bureau's (CFPB) Semi-Annual Report to Congress. While NAFCU appreciates many of your comments that were supportive of the credit union industry as responsible financial actors in the marketplace, we are concerned about the statements suggesting that the regulatory burden is not a big concern facing the credit union industry.

NAFCU would like to reiterate our longstanding position with the Bureau that regulatory burden is the top challenge facing credit unions of all sizes today. While smaller credit unions continue to disappear from this growing burden, all credit unions are finding the current environment challenging. Despite your remarks before Congress today that you do not believe credit unions are negatively impacted by the tidal wave of regulations stemming from the Dodd-Frank Wall Street Reform Law (Dodd-Frank), there is a real and growing trend of credit unions being forced to cut back on member services, to merge or to go out of business. Finding ways to cut-down on burdensome and unnecessary regulatory compliance costs is the only way for credit unions to thrive and continue to provide their member-owners with basic financial services and the exemplary service they need and deserve.

NAFCU and our members firmly believe that exempting credit unions from rulemakings intended for larger financial institutions would result in significant, immediate regulatory relief that would allow credit unions to better serve their members. Today, you suggested that it is the Bureau's position that Congress did not intend to grant credit unions a blanket exemption from rulemaking, and as such the Bureau has not done more to provide regulatory relief to the industry. However, NAFCU and our members believe that since Congress gave CFPB broad authority in Section 1022 of Dodd-Frank to grant exemptions on a rule by rule basis, the Bureau can and should do more to protect the credit union industry from excessive regulations. Furthermore, earlier this week, 329 members of Congress wrote to you urging the Bureau to exercise its explicit congressionally authorized authority under Section 1022 to provide meaningful regulatory relief for credit unions to be exempt from certain rulemakings.

Section 1022 of the Dodd-Frank Act grants the CFPB broad authority to provide exemptions for small institutions from various rulemakings in order to be consistent with the spirit of consumer protection but also allow continued access to safe and affordable consumer financial products or services. To date, however, NAFCU believes that the CFPB has failed to utilize this authority to the best of its ability to provide meaningful exemptions for credit unions from new regulatory burdens. The result has been a harmful for consumer choice and access in the financial marketplace. Given the unique member-owner nature of credit unions and the fact that credit unions did not participate in many of the questionable practices that led to the financial crisis, subjecting credit unions to rules aimed at large bad actors only hampers their ability to serve their members.

While the CFPB has taken steps to provide relief for smaller community financial institutions, such as the strides made in the small creditor amendments last year, NAFCU and our members ultimately believe that more needs to be done to exempt credit unions. We strongly encourage the CFPB to fully utilize Section 1022 of the Dodd-Frank Act and exempt credit unions from the Bureau's rules designed to address the abuses of bad actors in the lending market that led to the recent financial crisis. We sincerely hope that with the mission and structure of the member-owned institutions in mind, the Bureau will find ways through its existing legal authority to provide greater exemptions to credit union activities from onerous regulatory requirements that may actually hinder them from providing much needed consumer financial services to their communities around the country.

NAFCU appreciates the opportunity to share our thoughts on how the CFPB can use its existing legal authority to ease the mounting regulatory burden that is causing many consumer-oriented credit unions around the country to close their doors. As the Bureau continues its rule writing obligations under the Dodd-Frank Act, NAFCU and our members hope the CFPB will remember its broad legal authority under Section 1022. We hope to maintain a dialogue with you on this important topic and we would greatly appreciate an opportunity to meet and have an in-depth conversation on the important economic and regulatory issues facing credit unions and their members in the financial services market today and how the CFPB can better address credit union concerns in its rulemaking.

We look forward to meeting with you in the near future as your schedule permits. If you have any questions or need additional information, please feel free to contact me by telephone at (703)-842-2215, or Kavitha Subramanian, NAFCU's Regulatory Affairs Counsel at (703) 842-2212 or ksubramanian@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Dan Berger', with a stylized flourish at the end.

B. Dan Berger
President & CEO