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National Association of Federally-Insured Credit Unions

January 8, 2018

The Honorable Blaine Luetkemeyer
Chairman
Subcommittee on Financial Institutions
and Consumer Credit
House Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Wm. Lacy Clay
Ranking Member
Subcommittee on Financial Institutions
and Consumer Credit
House Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

Re: Tomorrow's hearing, "Legislative Proposals for a More Efficient Federal Regulatory Regime: Part III"

Dear Chairman Luetkemeyer and Ranking Member Clay:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write ahead of tomorrow's subcommittee hearing examining legislation that could improve the financial services regulatory ecosystem and in turn the industry and economy. We appreciate the subcommittee holding this hearing as we work towards positive regulatory relief for credit unions.

Below we have listed some basic tenets of a healthy and appropriate regulatory environment that NAFCU supports and has shared with you before.

NAFCU supports a strong and regulatory environment that allows credit unions to grow. NAFCU believes that there must be a regulatory environment that neither stifles innovation nor discourages credit unions from providing consumers and small businesses with access to credit. This includes the ability of credit unions to establish healthy fields of membership that are not limited by outdated laws or regulatory red tape. It also includes modernized capital standards for credit unions that reflect the realities of the 21st century financial marketplace.

NAFCU supports appropriate, tailored regulation for credit unions and relief from growing regulatory burdens. Credit unions are swamped by an ever-increasing regulatory burden from the CFPB, often on rules that are targeting bad actors and not community institutions. NAFCU supports cost-benefit analysis in regulation, and wants to ensure that we have an effective regulatory environment where positive regulations may be easily implemented and negative ones may be quickly eliminated. NAFCU also believes that enforcement orders from regulators should not take the place of regulation or agency guidance to provide clear rules of the road.

NAFCU supports a fair playing field. NAFCU believes that credit unions should have as many opportunities as banks and non-regulated entities to provide provident credit to our nations' consumers. We want to ensure that all similarly situated depositories follow the same rules of the road and unregulated entities, such as payday lenders, do not escape oversight. We also believe that there should be a federal regulatory structure for non-bank financial services market players that do not have a prudential regulator, including emerging Fintech companies.

NAFCU supports transparency and independent oversight. NAFCU believes regulators need to be transparent in their actions, with the opportunity for public input, and should respect possible different viewpoints. We believe a bipartisan commission structure is the best form of regulatory governance for independent agencies, and all stakeholders should be able to have input into the regulatory process.

NAFCU supports a strong, independent NCUA as the primary regulator for credit unions. NAFCU believes that the National Credit Union Administration is best situated with the knowledge and expertise to regulate credit unions due to their unique nature. The current structure of NCUA, including a 3-person board, has a track record of success. NCUA should be the sole regulator for credit unions and work with other regulators on joint rulemaking when appropriate. Congress should make sure that NCUA has the tools and powers that it needs to effectively regulate the industry.

As you seek a more efficient Federal regulatory regime, NAFCU firmly believes that regulatory relief is needed both from Congress and the regulators to ensure credit unions have a healthy and appropriate environment that allows them to meet the needs of the nation's 110 million credit union members.

It is with that in mind that we would like to reiterate our support for regulatory relief measures for community financial institutions, including bills before the Subcommittee tomorrow, such as:

- H.R. 1264, the *Community Financial Institution Exemption Act*, introduced by Representative Roger Williams. This legislation would raise the CFPB exemption threshold for community institutions to \$50 billion in consolidated assets. The bill would also strengthen CFPB's underutilized the Section 1022 exemption authority and require the CFPB to say explicitly, through making an affirmative finding, whether community institutions are being targeted by any new rules. This would go a long way to helping community financial institutions do not suffer unintended regulatory burdens from new CFPB rules.
- H.R. 4648, the *Home Mortgage Reporting Relief Act of 2017*, introduced by Representative Tom Emmer. The bill would delay the collection and reporting of new data points under the CFPB's Home Mortgage Disclosure Act (HMDA) final rule. It pushes the effective date for data collection until January 1, 2019 and the reporting deadline until January 1, 2020. In addition to the delay this legislation also prohibits the CFPB from publicly publishing any information collected under HMDA except in an aggregate form.

NAFCU thanks you for the opportunity to share our thoughts ahead of tomorrow's hearing. We appreciate the Subcommittee's attention to these bills since they would provide regulatory relief and urge their enactment. We look forward to working with this subcommittee and Congress as it moves through the legislative process. If you have any questions, or if my colleagues or I can be of assistance in any way, please do not hesitate to contact me or NAFCU's Associate Director of Legislative Affairs, Allyson Browning, at 703-842-2836 or abrowning@nafcu.org.

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: Members of the Subcommittee on Financial Institutions and Consumer Credit