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National Association of Federally-Insured Credit Unions

March 23, 2023

The Honorable French Hill
1533 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairman Hill:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to thank you for your leadership in introducing the Small Lenders Exempt from New Data and Excessive Reporting Act. As you are aware, NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 135 million consumers with personal and small business financial service products. NAFCU's members support the goals of Section 1071, but the Consumer Financial Protection Bureau's (CFPB) proposed rule stands to impose heavy burdens on credit unions and could even reduce the availability of small business credit.

Credit unions are a vital source of credit for America's small businesses. Unfortunately, the significant costs that would be required in order to implement the CFPB's Section 1071 proposal would fall disproportionately on community institutions that, unlike the largest banks, do not have the resources to develop their own compliance tools. Additionally, credit unions' specific focus on their communities means they have a lower volume of small business loans than national banks and fintechs, leaving them less able to absorb implementation costs though they still meet the proposed thresholds for compliance. Without action to address this regulatory burden, credit unions may be forced to reduce small business lending activity, harming the very businesses this rulemaking is intended to benefit. Your legislation to tailor the CFPB's proposal and provide a longer timeline for compliance with a final rule will greatly help credit unions as they work to satisfy regulatory requirements and still fully meet the needs of their small business members.

We thank you again for your leadership and for the opportunity to share our thoughts on this important issue. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Senior Associate Director of Legislative Affairs, at lplush@nafcu.org.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs