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May 17, 2016

The Honorable Randy Neugebauer
Chairman
House Financial Services Committee
Subcommittee on Financial Institutions &
Consumer Credit
United States House of Representatives
Washington, D.C. 20515

The Honorable William Lacy Clay
Ranking Member
House Financial Services Committee
Subcommittee on Financial Institutions &
Consumer Credit
United States House of Representatives
Washington, D.C. 20515

Re: Tomorrow's Hearing on the CFPB's proposed rulemaking on Arbitration

Dear Chairman Neugebauer and Ranking Member Clay:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nations federally-insured credit unions, I write today in conjunction with tomorrow's hearing, "Examining the CFPB's Proposed Rulemaking on Arbitration: Is it in the Public Interest and for the Protection of Consumers?" NAFCU and our members are reviewing the CFPB's arbitration proposal for its impact on credit unions and their nearly 103 million member-owners.

NAFCU believes that consumers should have access to fair and efficient methods of dispute resolution. Credit unions have a solid reputation of working with their members to resolve disputes when they arise. Many credit unions have found that voluntary arbitration agreements are often the most optimal solution for resolving disputes, both in terms of efficiency for the credit union, and fairness for the member. To that end, we would hope that the CFPB would avoid promulgating any final rule that unreasonably limits the availability of arbitration as a tool or creates burdensome reporting requirements that can negatively affect credit unions. NAFCU is especially concerned with the proposal to collect and publish arbitration data, as such actions would create system-wide reputational risk, raise privacy concerns and encourage frivolous lawsuits.

We are continuing to examine the proposal and will be sharing our comments with the CFPB through the appropriate channels in the comment process. We thank you for holding this hearing and look forward to continuing to work with the subcommittee on this and other issues of importance to credit unions. If NAFCU can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact me, or NAFCU's Senior Associate Director of Legislative Affairs, Chad Adams, at 703-842-2265.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Subcommittee on Financial Institutions and
Consumer Credit