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National Association of Federally-Insured Credit Unions

January 16, 2018

The Honorable Jeb Hensarling
Chairman
House Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

Re: Tomorrow's Financial Services Committee Mark-up

Dear Chairman Hensarling and Ranking Member Waters:

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 mark-up to voice our position on several bills the Committee has on the agenda. NAFCU appreciates the Committee's efforts to move forward and provide regulatory relief to credit unions.

NAFCU supports H.R. 1264, the *Community Financial Institution Exemption Act*

This legislation, and the Amendment in the Nature of a Substitute, introduced by Representative Roger Williams, would raise the CFPB exemption threshold for community institutions to \$50 billion in consolidated assets. The bill would also strengthen 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. NAFCU supports this bill, with the amendment, and urges its passage.

NAFCU supports H.R. 2226, the *Portfolio Lending and Mortgage Access Act*

The *Portfolio Lending and Mortgage Access Act*, offered by Representative Andy Barr, would provide safe harbor from certain qualified mortgage requirements for residential mortgage loans held on a mortgage originator's portfolio. Treating residential mortgage loans in portfolio as qualified mortgages gives them the proper designation they deserve since holding a loan in portfolio is the ultimate form of risk retention. NAFCU supports this legislation and urges its passage.

NAFCU supports H.R. 3746, the *Business of Insurance Regulatory Reform Act of 2017*

This bipartisan legislation, introduced by Representatives Sean Duffy and Gwen Moore, would help clarify the limits of the CFPB regulating insurance. The insurance industry is already highly regulated by the states, and Congress rightfully recognized this when drafting the *Dodd-Frank Act*, which stated that the CFPB was not to regulate the "business of insurance." Unfortunately, we have seen jurisdiction creep from the CFPB into this realm. Many credit unions offer regulated insurance products with some loans, and we have concern that this jurisdiction creep could create new burdens on institutions, which is why NAFCU is supportive of this bill and urges its passage.

H.R. 1426, the *Federal Savings Association Charter Flexibility Act of 2017*

NAFCU has concerns with this legislation offered by Representative Keith Rothfus. The bill would permit federal savings associations to elect to operate with the rights and duties of national banks, significantly increasing the lending ability of thrifts and altering the federal savings association charter. Credit unions have a strong track record in providing trustworthy and stable loans to Americans, such as during the economic crisis, and we believe that if there is any opportunity to improve federal charters of financial institutions, the *Federal Credit Union Act* (FCU Act) should certainly receive consideration as well. We would welcome an opportunity to work with Representative Rothfus and the Committee to create a balanced package that includes charter improvements for both federal savings associations and credit unions that can be moved together.

Finally, we hope this mark-up serves as another step forward in addressing the needed regulatory relief for community financial institutions such as credit unions. As NAFCU has vocalized before, there are a number of areas where credit unions need relief including capital reforms, field-of-membership improvements, and requiring regulators to perform cost-benefit analyses of regulations. We would urge the Committee to address these areas and work with leadership as you continue your work on regulatory relief.

NAFCU thanks you for the opportunity to share our thoughts ahead of tomorrow's mark-up. We appreciate Chairman Hensarling's attention to these bills and look forward to working with the Committee and Congress as they move 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,



Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee