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National Association of Federally-Insured Credit Unions

December 9, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Re: Tomorrow's Committee Markup

Dear Chairwoman Waters and Ranking Member McHenry:

I write today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in regard to tomorrow's House Financial Services Committee markup to share our thoughts on legislation before the Committee. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 119 million consumers with personal and small business financial service products.

First of all, NAFCU is extremely supportive of the Committee's efforts to support and strengthen minority depository institutions (MDIs), through efforts such as H.R. 5315, *the Expanding Opportunity for MDIs Act*, offered by Representative Joyce Beatty (D-OH) and H.R. 5322, *the Ensuring Diversity in Community Banking Act of 2019*, offered by Representative Gregory Meeks (D-NY). As you know, JetStream Federal Credit Union testified on behalf of NAFCU at the MDI hearing held by the Subcommittee on Consumer Protection and Financial Institutions on October 22, 2019. NAFCU testified that credit unions are proud of their record of diversity. According to the National Credit Union Administration (NCUA), there are 526 federally-insured MDI credit unions that serve 3.9 million members (as of June 30, 2019). However, MDI credit unions tend to be smaller institutions: 87 percent have assets of \$100 million or less, and they tend to underperform growth in all categories, including asset size, membership and loan volume, in comparison to the rest of the credit union industry, largely due to a decline in membership. NAFCU believes that efforts found in the legislation before the Committee, such as establishing MDI Advisory Committees, requiring regulators to submit an annual report on diversity to Congress and develop best practices, and fostering mentorship of MDIs, will help MDIs grow and thrive.

Secondly, NAFCU is supportive of H.R. 2445, *the Self-Employed Mortgage Access Act of 2019*, offered by Representatives Bill Foster (D-IL) and Tom Emmer (R-MN). This legislation would require the Consumer Financial Protection Bureau (CFPB) to amend its Ability-to-Repay/Qualified Mortgage (ATR/QM) standard to ensure that lenders can continue to use standards from Appendix Q for verifying monthly debt and income or substitute government program mortgage standards. Credit unions are responsible lenders who work hard to ensure their members do not obtain mortgages they cannot afford, and this legislation would allow them to more expeditiously lend to credit-worthy self-employed borrowers.

Additionally, NAFCU is generally supportive of the overall aim of H.R. 5332, *the Protecting Your Credit Score Act of 2019*, offered by Representative Josh Gottheimer (D-NJ), to create a more accurate credit

The Honorable Maxine Waters
The Honorable Patrick McHenry
December 9, 2019
Page 2 of 2

picture and single online portal for consumers to access and manage their credit reports. NAFCU supports the legislation's intent to promote accuracy in consumer reports and increase transparency. However, NAFCU is concerned that some of the provisions may have unintended consequences. For example, Section 4 requires furnishers of information, such as credit unions, to review and consider new or additional information each time a consumer disputes the accuracy of information in their credit report. We have some concerns that this could result in predatory credit repair companies continually disputing accurate information, at great cost to financial institutions and consumers. Such continuous dispute opportunities could lead to situations where accurate "negative" information ends up being excluded from credit scores due to ongoing disputes. We also would encourage additional clarity in addressing situations when minor transcribing issues occur under the bill's Social Security Number match requirement in Section 3. NAFCU is supportive of the legislation's efforts to hold consumer reporting agencies (CRAs) accountable for their obligations under the Gramm-Leach-Bliley Act and to improve data security at the CRAs. We do believe that there should be further examination as to whether the CFPB or the Federal Trade Commission (FTC) is best suited to establishing appropriate standards. Overall, NAFCU thanks Representative Gottheimer and his staff for working with industry to address concerns and improve the legislation, and we look forward to continuing the discussion.

Moreover, NAFCU is supportive of the Committee's ongoing efforts to promote cybersecurity. While the legislation before the Committee at this markup is targeted, it is a step in the right direction. NAFCU continues to urge the Committee to develop a national data security standard for entities that collect and store consumers' personal and financial information that are not already subject to the same stringent requirements as depository institutions.

Finally, NAFCU is also generally supportive of efforts to protect student borrowers and curb abusive debt collection practices. Credit unions are proud of their work to provide scholarships and affordable loans to their student members. NAFCU looks forward to working with the Committee to ensure student borrowers are treated fairly and protected when financing their educations and that financial institutions, such as credit unions, can continue to provide them with access to credit.

Thank you for the opportunity to comment on a few of the measures before the Committee today. We appreciate your leadership and ongoing focus on issues important to credit unions. We look forward to working with you on these issues. Should you have any questions or require any additional information, please do not hesitate to contact me or Sarah Jacobs, NAFCU's Associate Director of Legislative Affairs, at 703-842-2231 or sjacobs@nafcu.org.

Sincerely,



Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee