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National Association of Federally-Insured Credit Unions

November 15, 2017

The Honorable Shelley Moore Capito
Chairman
Subcommittee on Financial Services and
General Government
United States Senate
Washington, DC 20510

The Honorable Chris Coons
Ranking Member
Subcommittee on Financial Services and
General Government
United States Senate
Washington, DC 20510

RE: FY 2018 Financial Services and General Government Appropriations Act

Dear Chairman Capito and Ranking Member Coons:

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 today in regards to the Fiscal Year 2018 (FY 2018) Financial Services and General Government Appropriations (FSGG) Act.

The appropriations package for FY 2018 that passed earlier this year in the House of Representatives, H.R. 3354, included many provisions that would provide needed regulatory relief to credit unions. We are also pleased to see the recent bipartisan regulatory relief deal announced by Senate Banking Committee Chairman Mike Crapo which will provide regulatory relief to community institutions, including credit unions. Still, there are issues that are not addressed in the agreement that we would urge you to address in the Senate FSGG appropriations bill.

As the Subcommittee considers the bill, we would urge you to include several key measures which will help credit unions:

NAFCU strongly urges you to support $250 million in FY 2018 funding for the Community Development Financial Institution's (CDFI) Fund. As of January 31, 2017, there were 287 credit unions certified as CDFIs. Representing 27 percent of the total number of certified institutions, CDFI certified credit unions hold more than 50 percent of total CDFI assets. Clearly, CDFI credit unions are critical partners in the CDFI Fund's mission.

CDFI credit unions predominantly serve low-income areas and other target markets, often being the only financial services option for consumers that live paycheck to paycheck. The CDFI Fund grant program helps credit unions serve communities and consumers that large banks do not focus on. Over the past two years, CDFI credit unions received roughly $70 million in grant funding to aid in their efforts to offer financial services to their low- and moderate-income members. On September 19, 2017, the Department of Treasury announced that those credit union grants would be reduced to $39.5 million. Without the CDFI grant program, many credit unions will not be able to offer these products and loans, providing financial stability for members and their families.

NAFCU supports the Consumer Financial Protection Bureau (CFPB) governance structure moving from a single director to a bipartisan commission. A bipartisan commission has long been the traditional structure for our nation's depositories' regulators and would provide the balanced approach to those overseen, regulated, and impacted by the CFPB. The recent announcement of CFPB Director Richard Cordray's decision to step down makes the debate over CFPB governance structure timely.

NAFCU supports restoring full funding of the NCUA Community Development Revolving Loan Fund (CDRLF). The House FSGG bill included NAFCU sought language restoring the NCUA's grant program assisting low-income credit unions and assisting them in creating a healthy operation where they can provide affordable financial services to their members. These funds have a proven successful track record for spurring growth and go towards proper staff training, cybersecurity measures, and student internships. We urge you to support the CDRLF program.

NAFCU supports requiring the CFPB to provide guidance and rulemaking for its UDAAP authority. Uncertainty stemming from CFPB's authority to take action on entities committing unfair, deceptive, or abusive acts or practices (UDAAP) can prevent institutions from providing services that consumers may want. Credit unions want to comply and provide services their members want and need. However, when the CFPB does not provide clarity in regards to UDAAP, either through rulemaking or guidance, economic opportunity is stymied as institutions fear the CFPB will only regulate through enforcement action. The House bill passed earlier this year included language removing UDAAP authority from the CFPB, which NAFCU supports and would like to see included in the Senate FSGG version.

Thank you for the opportunity to share our thoughts as you continue your work on the Senate FSGG appropriations bill. Credit unions and their 110 million members are grateful for your consideration and NAFCU looks forward to being a resource as the bill moves through the legislative process. Should you have any questions or require any additional information please contact me or Allyson Browning, NAFCU's Associate Director of Legislative Affairs, at 703-842-2836 or abrowning@nafcu.org.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Senate Appropriations FSGG Subcommittee