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**National Association of Federally-Insured Credit Unions**

September 6, 2017

The Honorable Blaine Luetkemeyer  
Chairman  
Subcommittee on Financial Institutions  
and Consumer Credit  
House Financial Services Committee  
United States House of Representatives  
Washington, D.C. 20515

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

**Re: Tomorrow's hearing, "Legislative Proposals for a More Efficient Federal Financial Regulatory Regime"**

Dear Chairman Luetkemeyer and Ranking Member Clay:

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 conjunction with tomorrow's subcommittee hearing entitled, "Legislative Proposals for a More Efficient Federal Financial Regulatory Regime." NAFCU appreciates the subcommittee holding this important hearing as we work towards regulatory relief to provide a positive environment for credit unions.

NAFCU believes a healthy and appropriate environment is important for credit unions to thrive. History has shown that a robust and thriving credit union industry is good for our nation's economy, as credit unions fill a need for consumers and small businesses in the financial services marketplace that may otherwise not be met by other institutions.

As we have shared with you before, there are some basic tenets of a healthy and appropriate regulatory environment that NAFCU supports:

**NAFCU supports a regulatory environment that allows credit unions to grow.** NAFCU believes that there must be a regulatory environment that neither stifles innovation nor discourages credit unions from providing consumers and small businesses with access to credit. This includes the ability of credit unions to establish healthy fields of membership that are not limited by outdated laws or regulatory red tape. It also includes modernized capital standards for credit unions that reflect the realities of the 21<sup>st</sup> century financial marketplace.

**NAFCU supports appropriate, tailored regulation for credit unions and relief from growing regulatory burdens.** Credit unions are swamped by an ever-increasing regulatory burden from the CFPB, often on rules that are targeting bad actors and not community institutions. NAFCU supports cost-benefit analysis in regulation, and wants to ensure that we

have an effective regulatory environment where positive regulations may be easily implemented and negative ones may be quickly eliminated. NAFCU also believes that enforcement orders from regulators should not take the place of regulation or agency guidance to provide clear rules of the road.

**NAFCU supports a fair playing field.** NAFCU believes that credit unions should have as many opportunities as banks and non-regulated entities to provide provident credit to our nations' consumers. NAFCU wants to ensure that all similarly situated depositories follow the same rules of the road and unregulated entities, such as payday lenders, do not escape oversight. We also believe that there should be a federal regulatory structure for non-bank financial services market players that do not have a prudential regulator, including emerging Fintech companies.

**NAFCU supports transparency and independent oversight.** NAFCU believes regulators need to be transparent in their actions, with the opportunity for public input, and should respect possible different viewpoints. We believe a bipartisan commission structure is the best form of regulatory governance for independent agencies, and all stakeholders should be able to have input into the regulatory process.

**NAFCU supports a strong, independent NCUA as the primary regulator for credit unions.** NAFCU believes that the National Credit Union Administration is best situated with the knowledge and expertise to regulate credit unions due to their unique nature. The current structure of NCUA, including a 3-person board, has a track record of success. NCUA should be the sole regulator for credit unions and work with other regulators on joint rulemaking when appropriate. Congress should make sure that NCUA has the tools and powers that it needs to effectively regulate the industry.

NAFCU firmly believes that regulatory relief is needed both from Congress and the regulators to ensure credit unions have a healthy and appropriate environment that allows them to meet the needs of the nation's 110 million credit union members.

It is with that in mind that we would like to reiterate our support for regulatory relief measures for community financial institutions, including bills before the Committee tomorrow, such as:

- The *Community Institution Mortgage Relief Act of 2017* offered by Representative Tenney. This important legislation would provide relief from certain RESPA escrow requirements for institutions with \$50 billion or less and provide relief from the requirements of Section 6 of RESPA for mortgage services that service fewer than 30,000 mortgages annually.
- The *TRID Improvement Act of 2017* offered by Representative French Hill. This legislation would provide much needed relief to creditors by expanding the period in which a creditor is allowed to cure good-faith violation on a loan estimate or closing disclosure from 60 days to 210 days after consummation.

- H.R. 2359, the *FCRA Liability Harmonization Act*, introduced by Representative Loudermilk. This legislation would establish reasonable limits on the potential liability for statutory damages for violations of the *Fair Credit Reporting Act* (FCRA) and eliminates punitive damages. Consumers would still have the important ability to seek relief for violations under FCRA, but frivolous FCRA class action litigation that can burden smaller financial institutions would be curbed.

Each of these bills would provide a small step of regulatory relief and we encourage their enactment. NAFCU looks forward to working with this subcommittee and Congress on these bills and more as we work towards regulatory relief for credit unions. We thank you for the opportunity to share our thoughts with you today. 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 Senior Associate Director of Legislative Affairs, Chad Adams, at (703) 842-2265.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Thaler', with a long horizontal flourish extending to the right.

Brad Thaler  
Vice President of Legislative Affairs

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