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

April 29, 2019

The Honorable Michael Crapo  
Chairman  
Committee on Banking, Housing  
& Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Sherrod Brown  
Ranking Member  
Committee on Banking, Housing  
& Urban Affairs  
United States Senate  
Washington, DC 20510

**Re: Tomorrow's Hearing: "Guidance, Supervisory Expectations, and the Rule of Law: How do the Banking Agencies Regulate and Supervise Institutions?"**

Dear Chairman Crapo and Ranking Member Brown:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's hearing entitled: "Guidance, Supervisory Expectations, and the Rule of Law: How do the Banking Agencies Regulate and Supervise Institutions?" NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 116 million consumers with personal and small business financial service products. NAFCU and our members welcome the Committee examining this important and complex issue.

Guidance from regulators can be an important tool for credit unions to comply with regulations or implement best practices. However, it is important that there is clarity with how "guidance" is treated, as inconsistencies can lead to confusion on how to comply. We believe Congress should encourage regulators to ensure that all examiners treat both regulations and guidance consistently and for the purpose each was issued. Congress can also improve the examination process for financial institutions by passing the *Financial Institutions Examination Fairness and Reform Act*, which passed the House with bipartisan support in the 115<sup>th</sup> Congress but was not acted on in the Senate. This legislation would help ensure financial institutions have a proper channel to raise examination concerns.

NAFCU also appreciates that the Consumer Financial Protection Bureau (CFPB) has taken recent steps to improve its guidance and implementation support. The CFPB's small entity compliance guides have been a useful tool, and NAFCU appreciates the CFPB's attention to the needs of smaller financial institutions. Ultimately, however, we believe that the best route for clarity on major issues or problems with rules or new interpretations of existing law is to address the problem in a new rule or amendment.

It is important that credit unions have clear rules of the road to follow as they serve their 116 million members. We appreciate the Committee taking steps with this hearing to ensure that happens. NAFCU supports appropriate regulation, but we want to ensure that credit unions have an environment where they can grow and thrive.

Thank you for the opportunity to share our thoughts on this important topic. We look forward to continuing to work with the Committee on this and other issues of importance to credit unions. Should you have any questions or require any additional information please contact me or Alex Gleason, NAFCU's Associate Director of Legislative Affairs, at 703-842-2237 or [agleason@nafcu.org](mailto:agleason@nafcu.org).

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 Senate Committee on Banking, Housing & Urban Affairs