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

July 10, 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 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 117 million consumers with personal and small business financial service products.

**H.R. 281, the *Ensuring Diverse Leadership Act of 2019***

NAFCU is pleased to see the Committee's ongoing efforts to promote diversity and inclusion in financial services, including legislation such as H.R. 281, the *Ensuring Diverse Leadership Act of 2019*, which is scheduled to be considered by the Committee tomorrow. This legislation would help ensure that Federal Reserve Banks interview candidates reflective of gender and racial or ethnic diversity when appointing Federal Reserve Presidents. The credit union industry has been a leader in promoting diversity and gender equity in financial services, which is evidenced by the fact that a majority of credit union CEOs today are women.

**H.R. 2852, the *Homebuyer Assistance Act of 2019***

We are also pleased to see the Committee consider the amendment in the nature of a substitute to H.R. 2852, the *Homebuyer Assistance Act of 2019*, which would improve the process for getting appraisals for mortgages backed by the Federal Housing Administration (FHA).

**H.R. 3618, the *Free Credit Scores for Consumers Act of 2019***

NAFCU is supportive of efforts such as H.R. 3618, the *Free Credit Scores for Consumers Act of 2019*, which would provide consumers with free access to credit scores and should help consumers understand the credit process and their credit standing.

NAFCU maintains concerns about some of the other bills reforming the consumer credit reporting system that are scheduled to be considered tomorrow. While we believe they are well-intentioned efforts at reform, we are concerned about the impacts they may have on lenders and consumer credit, which should be further examined by the Committee.

For example, H.R. 3614, the *Restricting Use of Credit Checks for Employment Decisions Act*, bans the use of credit reports for employment purposes. While there may be valid reasons for doing this, the bill does not seem to consider that many financial institutions use background checks, which could include pulling a credit report, in hiring decisions. While it may not be a requirement in law, it could be an expectation from their examiner. The legislation before the Committee does not seem to address such a conflict.

Additionally, the broad nature of H.R. 3629, the *Clarity in Credit Score Formation Act of 2019*, has the potential to significantly impact the credit decision process. This legislation would constitute a major reform to the *Fair Credit Reporting Act* by increasing the involvement of the Consumer Financial Protection Bureau (CFPB) in establishing regulations for credit scoring models. Credit unions are already at the forefront in using non-traditional data to help their members obtain credit, and we are concerned that the changes proposed in this bill could cast doubt on their ability to continue existing efforts. We believe that this is another issue that deserves further study before Committee action.

While the efforts of Section 205 of H.R. 3642, the *Improving Credit Reporting for All Consumers Act*, to treat multiple inquiries for the same type of loan made within a 120-day window as a single inquiry are a positive, there are other areas of the bill that we believe warrant further examination. For example, several sections in Title I of the legislation could put onerous new burdens on community institutions such as credit unions, and potentially open the door to frivolous disputes and other abuses of the system that could overwhelm smaller institutions. We believe that these concerns should be further examined before the legislation is advanced.

As recent events, including the Equifax data breach, have demonstrated, reforms are needed for our nation's consumer credit reporting system. However, such reforms should be carefully considered after seeking input from all parties involved – including consumers, regulators and financial institutions. It is with this in mind that we would urge the Committee to examine reform of the consumer credit reporting system further before advancing major reforms.

We appreciate your leadership and ongoing focus on issues important to credit unions, and 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 Max Virkus, NAFCU's Associate Director of Legislative Affairs, at 703-842-2261.

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee