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National Association of Federally-Insured Credit Unions

September 17, 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 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 118 million consumers with personal and small business financial service products.

H.R. 123, Alternative Data for Additional Credit FHA Pilot Program Reauthorization Act

NAFCU is supportive of H.R. 123, offered by Representative Al Green. Our member credit unions have long advocated for the use of alternative models that accurately acknowledge creditworthy borrowers and permit affordable credit access. Allowing the Department of Housing and Urban Development to implement a pilot program that expands underwriting to include consumers who may be well qualified for a loan, but lack traditional credit scoring activities, would encourage lending and inclusion to those groups.

H.R. 4067, Financial Inclusion in Banking Act of 2019

NAFCU supports the Committee's ongoing efforts to promote diversity and inclusion in financial services, including legislation such as H.R. 4067, offered by Representative David Scott. Further research on how to increase financial inclusion for underserved communities would assist in directing best practices industry-wide that would bring consumers into the traditional banking system and steer them away from predatory actors in the marketplace. Credit unions have a long history of providing affordable financial product access to all members of their institutions, including those shunned by other institutions. This includes efforts to make it easier for all credit unions to be able to add underserved areas to their fields of membership, something we hope the Committee will give further consideration.

H.R. 4328, Protecting Innocent Consumers Affected by a Shutdown Act

NAFCU appreciates the goals set out by H.R. 4328. Credit unions are member-owned, not-for-profit institutions, dedicated to serving the needs of their member-owners. Leading up to the 2018-2019 government shutdown, NAFCU contacted our members to notify them of the possible hardships their communities may face. The response was immediate, including credit unions offering zero-percent interest short-term loans, waiving fees for services, and the suppression of negative credit reporting. At a time when many did not act, credit unions voluntarily took these steps to assist their members. This legislation is in that same spirit.

Should this legislation be enacted and implemented, NAFCU would urge the Committee to ensure that the database is accessible and functional for financial institutions of all sizes, and that the use of the database does not present a financial burden for credit unions who are striving to provide needed relief to their members. We would also encourage the Committee to work closely with regulators on clarifying any ambiguity to the necessary communications between the financial institution, the consumer reporting agency, and the consumer. The credit union industry has proven repeatedly to be a proactive leader in offering assistance during past lapses of government funding, and we are ready to continue to be the model of excellence in the unfortunate event that a lapse occurs again in the future.

Thank you for the opportunity to comment on a few of the measures before the Committee tomorrow. 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 Max Virkus, NAFCU's Associate Director of Legislative Affairs, at 703-842-2261 or mvirkus@nafcu.org.

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