



**National Association
of Federal Credit Unions**
3138 10th Street North
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NAFCU | Your Direct Connection to Advocacy, Education & Compliance

February 18, 2016

Office of Management and Budget
New Executive Office Building
Room 10235
Washington, DC 20503

RE: CFPB Information Collection Renewal (OMB Control Number: 3170-0032)

Dear OMB Desk Officer:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing to you regarding the Consumer Financial Protection Bureau's (CFPB) generic plan to collect information on compliance costs and other effects of regulations. *See* 81 FR 2850 (January 19, 2016). NAFCU commends the Bureau for its plan to proactively collect information from industry stakeholders in an effort to study the costs and burdens associated with unfettered regulation. However, NAFCU strongly believes the Bureau should do more to use the data it receives to create essential exemptions for credit unions and other small institutions.

General Comments

Credit unions are different than most other types of financial institutions. Since the Great Depression, the credit union industry has abided by the motto that credit unions are "not for profit, not for charity, but for service" and this philosophy continues to the present. As member-owned not-for-profit cooperatives, credit unions consistently strive to provide their members with financial products and services designed to help each member achieve their individual financial goals. Therefore, it is critical that the Bureau carefully considers the concerns related to costs and burdens voiced by credit unions during information collections and avoids rulemakings that unjustifiably restrict their ability to serve over 100 million members.

Costs and Effects of Regulation

NAFCU is concerned that the tidal wave of new regulations in recent years has significantly altered the financial services market in unintended ways. In particular, the TILA-RESPA

Integrated Disclosures (TRID) coupled with the Home Mortgage Disclosure Act (HMDA) final rule and others have required credit unions of various sizes and complexities to make major investments, and incur significant expenses. For example, the expanded HMDA data set finalized in October 2015 will inflict significant regulatory and operational burden on credit unions of all sizes. A 2014 NAFCU survey of our members found that credit unions will incur an average initial cost of \$9,591 to update systems with the Dodd-Frank required changes, and an ongoing average annual cost of \$3,842. To implement the discretionary data points added by the Bureau beyond those mandated by Dodd-Frank, NAFCU's members have indicated that they expect an average initial cost of \$13,955 to update systems and an ongoing average annual cost of \$4,842. In response, a significant number of NAFCU's members anticipate having to increase fees in order to offset the new costs associated with the additional HMDA reporting requirements.

Credit unions, like many small financial institutions, do not have the depth and breadth of staff resources and technology to reprogram their systems without incurring significant costs. For credit unions that do not have automated collection systems, additions to the HMDA dataset will pose particularly significant implementation costs because the loan officer at these credit unions puts the required data points into a spreadsheet manually and it must be reviewed by another party. This is just one example of where the CFPB's continued outreach is essential and the Bureau needs to be more proactive in turning this information into effective exemptions.

Conclusion

As the CFPB has repeatedly acknowledged, credit unions are not engaged in the type of practices that the Bureau is seeking to mitigate with its extensive regulatory agenda. However, every additional rulemaking is likely to add to the financial and regulatory burdens felt by credit unions as they attempt to come into compliance. Therefore, NAFCU and our members urge the Bureau to solicit substantial industry feedback at every stage of the rulemaking process.

As a reminder, NAFCU and our member credit unions are always available to provide additional insight and discuss ways in which the Bureau and the financial services industry can maintain an open line of communication. Should you have any questions or concerns, please feel free to contact me at amonterrubbio@nafcub.org or (703) 842-2244.

Sincerely,



Alexander Monterrubio
Regulatory Affairs Counsel