

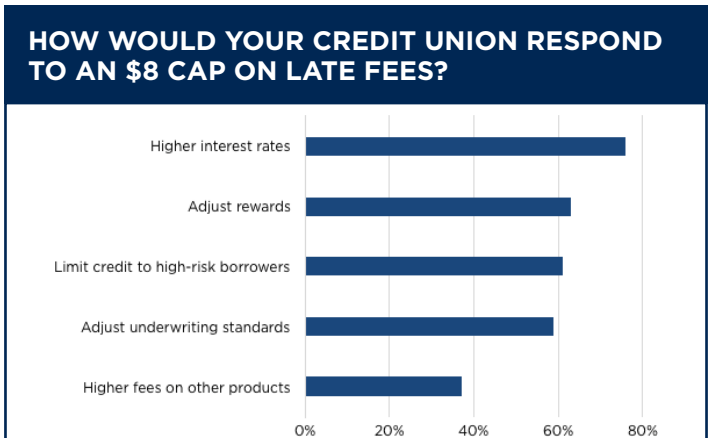
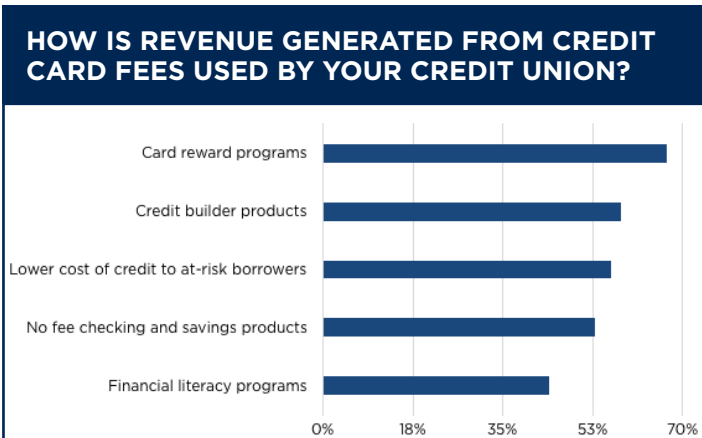


CFPB LATE FEE PROPOSAL WILL HARM THE PEOPLE IT CLAIMS TO HELP

NAFCU Survey shows that the CFPB's proposal to lower credit card late fees from \$41 to \$8 will stifle any opportunity for at-risk consumers to reach financial freedom.

"As an industry, credit unions have led the way in helping people in financial and economic distress. We provide no-cost financial counseling, debt consolidation, credit builder programs all designed to help members in financial hardship. Reducing the safe harbor will hamper those efforts and make the road to financial stability much harder to walk."
- Robin Bodie, CEO, PWC Employees Credit Union

- › As big banks continue to close 200 branches a month and create banking deserts, **credit unions are often the only option in underserved areas who need access to safe products and financial literacy programs.**
- › Credit unions – as not-for-profits – can't cover the costs of fee delinquencies with an \$8 late fee, **forcing them to take away rewards or financial literacy programs and increase costs** for *all* consumers.
- › Penalties are intended to deter unacceptable behavior. **An \$8 late fee is not a deterrent, it's an incentive to stop paying bills at the cost of a Subway Footlong.**
- › Contrary to the genesis of their own charter, **the CFPB is recklessly pushing consumers into a cycle of debt, discouraging them from paying their bills, and encouraging them to ruin their credit history.** All without providing easy access to financial literacy resources.



CFPB LATE FEE PROPOSAL WILL HURT ALL CONSUMERS

- › Credit card late fees are not “surprise” or “junk” fees – **they are required by the CFPB to be clearly detailed upfront for consumers.** By signing a credit card agreement, consumers know the costs they will incur if they pay their bill late.
- › The CFPB's own research shows that 74% of Americans pay their credit card bills on time, and the number of consumers who make late payments is declining. **Why penalize those who follow the rules by making them carry the brunt of increased costs forced on them by those who don't?**

"Cutting protections for credit card providers will price smaller, community-based financial institutions like credit unions out of the market. The consumers credit unions serve, many in low-income and underserved populations, will have reduced access to credit as a result. If the proposal is enacted, credit card issuers will be forced to adjust to the new risks by reducing credit lines, tightening standards for new accounts and raising APRs for all consumers, including those who pay on time." - **Louis Lerino, Vice President of Operations of California Coast Credit Union**

WHAT CREDIT UNIONS ARE SAYING

“Credit Unions exist to serve its membership. This means serving ALL the membership. Collection efforts come at a cost. Credit Unions also must expense a provision for past-due loans. The past-due fee is in place to dissuade borrowers from allowing their loan to become delinquent and to help offset the additional costs of these loans. Should all the members that pay their loans on time pay for those that do not?” - **Ken Stockford, Chief Financial Officer, Five County Credit Union**

“If this proposal is passed, credit unions like ours will lose the ability to make decisions in the best interest of our members and our business. Credit unions are member-owned financial cooperatives whose mission is to provide lower fees than our bank counterparts. The proposed reduction in credit card fees would force credit unions to increase fees on other products and services, contradicting our core values...We need policies that align with our mission of serving our members and communities with affordable and safe financial products and services. I urge the CFPB to reconsider the impact of this proposal on credit unions across the country and make the decision that supports our credit union model and business.” - **Robin Larsen, President and CEO, Cobalt Credit Union**

“For a credit union that provides NO COST services to the under-served in our community, this loss of income will inevitably force us to increase costs on those that can least afford it.”- **Matt Jennings, CEO, Quest Federal Credit Union**

“Although the CFPB has indicated that it believes the proposed fees are reasonable, they have not released the data on which they claim to have analyzed to make this determination. Oregon State Credit Union has priced its late fees appropriately, in light of our costs, and well below the current authorized late fee levels. We would ask that you help us to continue to service your constituents by continuing to offer competitively-priced products.” - **Rhonda Heile-Brown, Executive Vice President and Chief Operating Officer, Oregon State Credit Union**

“Consumers who don't pay their bills on time will save money on late fees, but this doesn't resolve the issue of delinquencies, meaning at-risk consumers may be more likely to face negative credit reporting and other consequences.” - **BJ Coram, CEO, NuVista Federal Credit Union**

“Credit unions like ABCO work diligently and compassionately with members who are facing financial difficulties and become delinquent on loans and credit cards. In fact, on a regular basis we receive notes of thanks from members who were struggling, but we worked with them and helped them to regain their footing. They greatly appreciate all of our time and efforts. This is a true example of the credit union difference and how we positively impact consumers - especially those in underserved communities...The work that we do comes at a cost - staff, technology, communications, and cost of funds. An \$8 cap on late fees wouldn't come close to covering those expenses. It also would not incentivize a borrower from making late payments, which would increase our workload and exposure.... The people that the CFPB wants to protect would be among the most harmed with this proposal.” - **Jill Peterson, President and CEO, ABCO Federal Credit Union**