



National Association of Federal Credit Unions
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B. Dan Berger
Executive Vice President
Government Affairs

April 27, 2010

The Honorable Christopher J. Dodd
Chairman
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Dodd and Ranking Member Shelby:

I am writing on behalf of the National Association of Federal Credit Unions (NAFCU), the only trade organization exclusively representing the interests of our nation's federal credit unions, regarding S. 3217, the *Restoring American Financial Stability Act of 2010*. While we strongly agree with lawmakers and the administration that an important focus needs to be placed on the bad actors on Wall Street, we continue to have concerns about the bill's language to establish a Consumer Financial Protection Bureau (CFPB).

Credit unions are proud to be one of the businesses on Main Street America that have continued serving 92 million Americans throughout this crisis. It has been widely recognized that credit unions were not the cause of the current economic problems, and have instead, been an important part of the solution.

NAFCU applauds your work to find a remedy to our current financial crisis, and supports efforts to reform our financial regulatory system and prevent future predatory products from evading regulation. The abuses that took place on Wall Street and in the unregulated mortgage market, at the expense of hard-working Americans, should never be allowed to occur again.

In this vein, we support the efforts to address such abuses and strengthen consumer protection. We do not, however, believe that additional regulatory burdens should be imposed on credit unions. Unfortunately, this legislation lumps credit unions in with the "bad actors," and adds a number of new regulatory burdens for credit unions within the creation of the new Consumer Financial Protection Bureau (CFPB). As not-for-profit financial cooperatives, the cost of these new burdens on credit unions will be borne by the 92 million Americans who are credit union members.

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NAFCU therefore strongly encourages you to lessen the regulatory impact of this legislation on credit unions. We hope that as the bill moves forward, the final legislative language will recognize good actors like credit unions, while reining in the unregulated entities in the financial services marketplace before they can again prey on consumers. With this in mind, NAFCU continues to believe that consumer protection rulemaking, oversight and enforcement should remain with the National Credit Union Administration (NCUA). At a minimum, we urge you to consider changing the current bill's arbitrary \$10 billion threshold for examination and enforcement powers of the CFPB to \$50 billion (indexed for inflation).

Additionally, we support adding the NCUA to the Council reviewing any new rules of the CFPB. Further, the legislation should clarify the ability of the Council to review all proposed rules that negatively impact smaller institutions like credit unions.

Finally, NAFCU also urges you to clarify the standard of federal preemption that applies to credit unions in the draft legislation. We believe that the NCUA must maintain federal preemption authority at its current level. Allowing various states to create new and onerous burdens on federal credit unions that may have a limited presence or small number of members in their states would severely increase compliance costs and could ultimately force some credit unions to limit services to their members, as the cost of compliance for such a limited group would be too high for the institution.

We thank you for your attention to our concerns as the Senate takes up comprehensive financial regulatory reform. If we can answer any questions or provide you with further information on this matter, please do not hesitate to contact me or NAFCU's Director of Legislative Affairs, Brad Thaler, at 703-842-2204.

Sincerely,



B. Dan Berger
Executive Vice President, Government Affairs

Cc: Members, U.S. Senate