



National Association of Federal Credit Unions

3138 10th Street North • Arlington, Virginia • 22201-2149
(703) 522-4770 • (800) 336-4644 • Fax (703) 522-2734

Fred R. Becker, Jr.
President and CEO

March 9, 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, to again share our thoughts on the creation of a new consumer financial protection entity as part of financial regulatory reform.

As we have previously stated, NAFCU recognizes the need for additional consumer protection in the financial services arena, and we believe it is important to protect consumers from the predatory practices that led to the current crisis. The need for additional consumer protection, however, arises directly from the conduct of the many unregulated bad actors that pushed ill-advised products onto unsuspecting consumers. In that vein, we applaud the efforts to address such abuses and strengthen consumer protection.

We are dismayed to hear reports that current discussions would leave many unregulated entities that operate in the financial services marketplace out of most of the scope of the new consumer protection entity, while leaving the good actors such as credit unions under such an entity and the new regulatory burdens it will bring. If these reports are true, this would be an unfortunate development that would likely produce a bill that would be unacceptable to credit unions. We hope that any final bill will be one that recognizes the good actors such as credit unions, while reining in the unregulated entities in the financial services marketplace before they prey on consumers once again.

NAFCU supports the creation of a new consumer financial protection entity that would have authority over non-regulated institutions that operate in the financial services marketplace. We do not believe, however, that such an entity should have authority over credit unions. It is widely recognized that credit unions did not cause the current financial crisis. As not-for-profit member-owned cooperatives, credit unions have different business models and objectives than these for-profit companies that operate unregulated in the financial services arena. We believe that giving any new entity such authority to regulate, examine, and supervise *any* credit union that already is regulated by the National Credit Union Administration (NCUA) would create an additional regulatory burden and cost to credit unions that already carry the greatest regulatory burden in the financial services industry. We believe that when it

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comes to credit unions, consumer protection should remain with a consumer protection office housed at the NCUA.

We thank you for your attention to our concerns as the Senate takes up comprehensive financial regulatory reform. As deliberations on this legislation continue, we look forward to working with you to create a system of greater consumer protection, while not harming those institutions that did not contribute to the nation's economic malaise.

If we can answer any questions or provide you with further information on this matter, please do not hesitate to contact NAFCU's Director of Legislative Affairs, Brad Thaler, at 703-522-4770.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred R. Becker, Jr.", written in a cursive style.

Fred R. Becker, Jr.
President/CEO

cc: Members of the Senate Banking, Housing, and Urban Affairs Committee