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Fred R. Becker, Jr.
President and CEO

March 15, 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: Chairman Dodd

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 urge the Committee to support raising the arbitrary threshold for examination and enforcement by the Bureau of Consumer Financial Protection on insured depository institutions and insured credit unions from $10 billion to $50 billion.

At a $10 billion threshold, three natural-person credit unions, including the two largest credit unions that serve our men and women in the armed forces, would face the increased regulatory burden of the new Bureau of Consumer Financial Protection. Imposing such a burden on not-for-profit cooperatives (such as credit unions) and their members would lead to higher compliance costs which mean lower dividends and/or less services to their members. We also find it disconcerting that not-for-profit military credit unions would potentially find themselves lumped into the same category as large for-profit financial firms and mortgage brokers under the current language. What is even more troubling is the fact that good actors like credit unions could be subject to higher regulatory burdens under the bill than unregulated entities like payday lenders and check cashers.

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.

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We hope that as the bill moves forward, the final language 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. Changing the arbitrary $10 billion threshold to $50 billion for insured credit unions would be one step in doing so. We also believe it is important that all arbitrary thresholds in the bill be adjusted regularly to account for inflation, and we would urge that change to be made as well.

Finally, NAFCU believes that the NCUA must maintain federal preemption authority at its current standards. 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 NAFCU's Director of Legislative Affairs, Brad Thaler, at 703-522-4770.

Sincerely,

Fred R. Becker, Jr.
President/CEO

Chairman Dodd - We sincerely hope that the final bill will not burden those not responsible with the CFPA!

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