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B. Dan Berger
Executive Vice President
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May 3, 2011

The Honorable Shelley Moore Capito
Chairman
Subcommittee on Financial Institutions
and Consumer Credit
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

The Honorable Carolyn Maloney
Ranking Member
Subcommittee on Financial Institutions
and Consumer Credit
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Capito and Ranking Member Maloney:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association that exclusively represents the interests of our nation's federal credit unions, I write in conjunction with the committee markup to be held May 4, 2011, and in support of the H.R. 1121, the *Responsible Consumer Financial Protection Regulations Act of 2011*, H.R. 1315, the *Consumer Financial Protection Safety and Soundness Improvement Act of 2011* and H.R. 1667, the *Bureau of Consumer Financial Protection Transfer Clarification Act*.

As you know, credit unions were not the cause of the financial crisis. Thus, NAFCU has always opposed the CFPB having authority over credit unions. While NAFCU has long recognized the importance of strong consumer protection in financial services, we believe the CFPB's primary focus should be on regulating the unregulated in the financial services arena, and not adding new regulatory burdens to those entities that already fall under a functional regulator. Nonetheless, with the CFPB established, we do see areas where we believe the structure and operations of the CFPB can be improved.

Among these improvements include the governance of the CFPB. For this reason, NAFCU supports and urges the adoption of H.R. 1121, legislation introduced by full Committee Chairman Spencer Bachus and others to create a five person commission to govern the CFPB. The CFPB has been given an extremely broad authority to regulate any financial product across the financial services industry. Given the enormity of the authority entrusted to the CFPB, NAFCU believes a five person commission has benefits over one single director. Such a commission would help ensure that decisions of the CFPB will be thoroughly vetted and debated instead of promulgated at the whim of a single individual. As the numerous groups in Washington representing the "voice of the consumer" demonstrate, consumer interests are not monolithic and can often be diverse. Having a commission of five govern this agency will allow for multiple consumer perspectives to be brought to the table in any CFPB decision.

Additionally, while NAFCU was pleased to see the Financial Stability Oversight Council (FSOC) granted some "veto" authority over some proposed CFPB rules if they are found to create safety and soundness concerns, we believe the current veto authority does not go far enough. Thus NAFCU supports and urges the adoption of H.R. 1315, introduced by Representative Sean Duffy, Chairman Bachus and Chairman Capito, to modify the threshold needed for the FSOC to veto a proposed rule, and that clarifies the standard of what can be considered. We believe this approach to make it a majority of the FSOC (minus the CFPB Director) is a positive step that ensures safety and soundness concerns do not take a back seat in this new regulatory environment.

Finally, NAFCU believes that the CFPB must have a Senate confirmed Director before the scheduled transfer date of July 21, 2011 and we support legislation H.R. 1667, introduced by Chairman Capito and others, to not allow the transfer date to move forward as scheduled without a confirmed Director in place. Lawmakers, their constituents, and every entity under the CFPB deserve a fair and open process in which candidates that may head the new agency are properly vetted. Allowing the new Bureau to come into existence without a confirmed Director in place would open the door to confusion and uncertainty about the focus and direction of the Bureau.

Furthermore, after Senate confirmation, the new director should routinely testify before Congress about the CFPB's work. This will be especially important in the agency's infancy while credit unions and others adjust to a new regulatory framework, and the credit union prudential regulator, the NCUA, works to ensure that new protection plans do not create unintended safety and soundness concerns.

It is with these concerns in mind that NAFCU believes passage of H.R. 1121, H.R. 1315 and H.R. 1667 would make the new CFPB more efficient and properly focused. We urge the Subcommittee to support these bills at mark-up as they are an important step in limiting potential new burdens from the governance of the CFPB for our nation's credit unions and their 92 million members.

If you or your staff have any questions or require additional information, please don't hesitate to contact me or our Vice President of Legislative Affairs, Brad Thaler at bthaler@nafcu.org or 703-842-2204.

Sincerely,

B. Dan Berger
Executive Vice President, Government Affairs

cc: Members of the Subcommittee