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July 23, 2012

The Honorable Patrick McHenry
Chairman
House Oversight and Government Reform
Subcommittee on TARP, Financial Services &
Bailouts
United States House of Representatives
Washington, D.C. 20515

The Honorable Mike Quigley
Ranking Member
House Oversight and Government Reform
Subcommittee on TARP, Financial Services &
Bailouts
United States House of Representatives
Washington, D.C. 20515

Re: Credit Crunch: Is the CFPB Restricting Consumer Access to Credit?

Dear Chairman McHenry and Ranking Member Quigley:

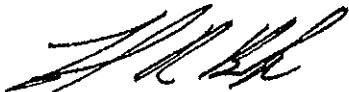
On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federally chartered credit unions, I write in conjunction with tomorrow's hearing, "Credit Crunch: Is the Consumer Financial Protection Bureau Restricting Consumer Access to Credit?" As you know, despite not having contributed to the financial crisis, all credit unions are subject to the rule making authority of the CFPB. Given that every dollar a credit union uses for regulatory compliance could have been used to better serve their member-owners, NAFCU appreciates the subcommittee's attention to the impact the CFPB is having on consumer access to credit.

With no end in sight, the steady stream of mandated regulation coming from the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (P.L. 111-203), including those regulations expected from the CFPB, only adds to the existing compliance burden our nation's credit unions already face from the National Credit Union Administration and various other agencies. Many regulations may be well-intentioned to correct the abuses of some bad actors in the financial services arena, but for credit unions they are often a solution in search of a problem.

While NAFCU believes that credit unions should not be subjects of CFPB authority, there are steps that can be taken to help alleviate our nation's community-based financial institutions from the onslaught of regulatory burden they face. Congress must urge regulators to do more robust cost-benefit analysis of potential regulations. Once regulations are in place they should be monitored and adjusted when the costs are too high. Congress must also urge the various agencies to review and streamline regulations where possible. In this regard, the Financial Stability Oversight Council (FSOC) has a distinct responsibility to facilitate regulatory coordination among its member agencies in terms of policy development, rulemaking, examination requirements, reporting requirements, and enforcement actions. Congressional oversight, including tomorrow's hearing, is an important step in ensuring that credit unions are able to provide their members with basic financial services instead of focusing all of their resources on keeping up with the over-accumulation of unnecessary regulation.

Again, we thank you for holding this important hearing. Should you have any questions about the regulatory burden credit unions face in the wake of the Dodd-Frank Act, please contact me or Brad Thaler, NAFCU's Vice President of Legislative Affairs, at 703-842-2204 or bthaler@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Becker, Jr.", with a stylized flourish at the end.

Fred R. Becker, Jr.
President and CEO

cc: Members of the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs