



National Association of Federal Credit Unions
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Fred R. Becker, Jr.
President and CEO

June 5, 2012

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 trade association exclusively representing the interests of our nation's federal credit unions, I write today in conjunction with the Financial Institutions and Consumer Credit Subcommittee hearing on the Federal Reserve's final rule on the CARD Act's 'ability to repay' requirement. NAFCU has long had concerns about this rule and how it will alter the way card issuers must evaluate a potential borrower's ability to repay.

As members of the subcommittee are aware, Regulation Z (12 C.F.R § 1016.51) does not permit a credit card issuer to consider household income when determining whether a consumer has the ability to repay a credit account. Requiring that issuers determine ability to repay based solely on personal income for applicants over 21 years of age, even in cases where there is sufficient household income to make payments, is shortsighted and will undoubtedly have a negative impact on credit unions and their 94 million members. In all likelihood, it will have an especially disproportionate impact on women and spouses that do not work outside of the home. NAFCU has urged the Federal Reserve and the Consumer Financial Protection Bureau to allow creditors, in cases where there is a steady household income, to also take this income into account when determining ability to repay.

It is also worth noting that while lenders can only consider personal income, they must take into account all household liabilities when making the determination of whether debt is likely to be repaid. In essence, one income households are being punished on both sides of this equation under current law.

We thank you for holding this important hearing today. Should you have any questions or require any additional information, please do not hesitate to contact myself or Jillian Pevo, NAFCU's Senior Associate Director of Legislative Affairs, at 703-842-2204.

Sincerely,

Fred R. Becker, Jr.
President and CEO

cc: Members of the Subcommittee
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