



**National Association
of Federal Credit Unions**
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NAFCU | Your Direct Connection to Education, Advocacy & Advancement

February 28, 2014

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

RE: Docket No. CFPB-2013-0033; Advanced Notice of Proposed Rulemaking -
Debt Collection (Regulation F)

Dear Ms. Jackson:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding the Consumer Financial Protection Bureau's (CFPB) advanced notice of proposed rulemaking (ANPR) regarding debt collection practices.

The ANPR, generally, requests comment, data, and information about the debt collection system, consumer experiences with the debt collection system, and how to balance debt collection protections for consumers without unnecessarily burdening the industry. The CFPB is the first Federal government agency with substantive authority to issue rules implementing the Fair Debt Collection Practices Act (FDCPA), which established prohibitions on third-party debt collectors using problematic practices, restricted debt collectors' communications with consumers, and mandated a debt dispute resolution process. In addition, the Dodd-Frank Act granted the CFPB with authority to regulate unfair, deceptive, and abusive debt collection practices (collectively, UDAAPs), as well as authority to require disclosures to help consumers understand the various aspects of consumer financial products.

First and foremost, NAFCU is concerned that the CFPB has chosen to conflate these two distinct statutory authorities under the same ANPR. Credit unions are not, generally speaking, debt collectors under the FDCPA because they are not collecting debts on behalf of others. Credit unions typically only collect on their own obligations. However, credit unions are subject to the Dodd-Frank Act's provisions concerning UDAAPs.

NAFCU urges the CFPB to distinguish between credit unions collecting on their own behalf and third-party debt collectors in its regulatory efforts. The CFPB should not promulgate regulations under its FDCPA authority that would apply to credit unions or other financial institutions that are not currently subject to the FDCPA requirements. The statutory provisions of the FDCPA stemmed from Congress' concerns about the impersonal, profit-driven, and unaccountable actions of third-party debt collectors. As non-profit mutual organizations, however, credit unions answer directly to their members and enjoy a unique relationship with their membership. When credit unions collect on their own obligations, they work to continue to support their relationships with their members. Credit unions' priorities are to bring the loans current and return to normal member service relationships. This continuing relationship is very different from the relationship between a third party collection agency and a debtor associated with an account referred to the collection agency. Accordingly any regulatory regime built under the FDCPA's authority should not apply to credit unions collecting on their behalf. Furthermore, credit unions are already restricted from engaging in these predatory practices under the UDAAP provisions and their own policies.

Rather than creating additional requirements for credit unions that are collecting on their own obligations and are not currently under the purview of the FDCPA, the CFPB should release guidance which can be used by credit unions in designing their own policies and procedures. NAFCU also urges the CFPB to take into consideration existing individual state laws on debt collection in any action that they decide to take.

NAFCU commends the CFPB's initiative to provide greater clarity and specificity as to what conduct would constitute a UDAAP. NAFCU notes that the Dodd-Frank Act's statutory language and grant of authority to the CFPB to define UDAAPs is highly general. NAFCU recommends that the CFPB develop specific examples and guidance describing potential UDAAP violations by first-party debt collectors.

NAFCU appreciates the opportunity to provide our comments. Should you have any questions or concerns, please feel free to contact me at ameyster@nafcu.org or (703) 842-2272.

Sincerely,

A handwritten signature in black ink, appearing to read 'Angela Meyster', with a long horizontal flourish extending to the right.

Angela Meyster
Regulatory Affairs Counsel