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**National Association of Federal Credit Unions | www.nafcu.org**

May 6, 2014

The Honorable Jeb Hensarling
Chairman
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

**Re: NAFCU Support for Credit Union Regulatory Relief Measures to be Considered at Committee Mark-Up**

Dear Chairman Hensarling and Ranking Member Waters:

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 support of several measures scheduled to be considered during this week's Financial Services Committee mark-up. At the beginning of the 113th Congress, NAFCU called on lawmakers to enact broad-based regulatory relief for credit unions through NAFCU's "Five-Point Plan for Regulatory Relief" to ensure they can continue to offer their 97 million members the products and services they need and deserve. The scheduled mark-up is a positive step forward in providing this type of relief.

NAFCU strongly supports the bipartisan *Mortgage Choice Act of 2013* (H.R. 3211), introduced by Representative Bill Huizenga, that would alter the definition of "points and fees" included in the Qualified Mortgage (QM) standard. NAFCU supports this legislative effort to exempt from the QM cap on points and fees any affiliated title charges and escrow charges for taxes and insurance. Making these important exclusions from the cap on points and fees will go a long way toward ensuring that many affiliated loans attain QM status and are still made in the future.

NAFCU also strongly supports Representative Andy Barr's legislation, the *Portfolio Lending and Mortgage Access Act* (H.R. 2673), that ensures residential mortgage loans held in portfolio by the loan originator automatically qualify for the QM safe harbor. Financial institutions holding loans on their books assume all risk associated with making a loan and have a strong incentive to make sure that the loan can be repaid. Additionally, NAFCU would support other additional key changes to the QM definition, including extending the safe harbor to the 40-year loan product as offered by some credit unions and including a consumer debt-to-income (DTI) ratio higher than the current 43%. The DTI ratio is particularly troubling for credit unions as they strive to serve low and moderate income segments of the population.

NAFCU also urges your support for legislation introduced by Representative Blaine Luetkemeyer, the *Community Institutions Mortgage Relief Act* (H.R. 4521), that would exempt lenders with less than $10 billion in assets from the requirement that they must hold an escrow account for five years for higher priced, first-lien mortgages secured by borrower's principal residence. Additionally, this legislation would amend Section 6 of the *Real Estate Settlement Procedures Act* (RESPA) to create a small institution exemption to reduce the regulatory burden on servicers that annually service 20,000 or fewer mortgage loans. While NAFCU believes all credit unions should receive the exemptions provided in both provisions (as we generally do not support bifurcating the industry by arbitrary asset size), this bill does provide some relief on two important issues impacting NAFCU member credit unions and we would support its passage.

Finally, as detailed in a letter sent to the Committee last week, NAFCU strongly supports the *Financial Regulatory Clarity Act* (H.R. 4466), introduced by Financial Institutions and Consumer Credit Subcommittee Chairman Shelley Moore Capito and Ranking Member Greg Meeks, that would require the National Credit Union Administration and the Consumer Financial Protection Bureau to conduct a robust review of existing regulations when a new regulation is being proposed to assess whether the proposal conflicts with, duplicates or is inconsistent with existing federal regulations. Elimination of duplicative, unnecessary and over-burdensome regulation is a key priority for NAFCU member credit unions as outlined in our association's "Five Point Plan for Regulatory Relief."

Again, thank you for holding this important mark-up. If my colleagues or I can be of assistance to you, or if you have any questions regarding regulatory relief for our nation's credit unions, please feel free to contact myself, or NAFCU's Director of Legislative Affairs, Jillian Pevo at (703) 842-2286.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee