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

Carrie R. Hunt
Senior Vice President of Government Affairs
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November 12, 2014

The Honorable Harry Reid
Majority Leader
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

Re: Senate Action Needed on Credit Union Regulatory Relief during the 113th Congress

Dear Leader Reid and Leader McConnell:

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 today to urge you and your colleagues to act before the end of the Congress on bipartisan regulatory relief measures that would help relieve regulatory burden at our nation's credit unions. The measures outlined below, each of which has passed the House, would take small but meaningful steps toward the kind of regulatory relief credit unions need to continue to provide their 98 million members with basic financial services products and impeccable service.

Relief from Redundant Annual Privacy Notices
NAFCU strongly supports the bipartisan *Privacy Notice Modernization Act of 2013* (S. 635), introduced by Senators Brown and Moran, which would remove the requirement that financial institutions send redundant paper annual privacy notices if they do not share information and their policies have not changed, provided that they remain accessible elsewhere. These duplicative notices are costly for the financial institution and often confusing for the consumer as well. This exemption will further clarify the CFPB's recently rulemaking and allow credit unions to focus their resources on providing low cost financial services to their members without disturbing consumer privacy policy availability. Similar legislation has passed the House by voice vote and this legislation has over 70 cosponsors in the Senate. We strongly encourage the Senate to pass this small measure of relief this year.

IOLTA Parity for Credit Unions
NAFCU also strongly supports legislation (S.2699, along with S. 2698) that would provide important relief to credit unions with Interest on Lawyers Trust Accounts (IOLTAs). Maintaining parity between the coverage provided by the National Credit Union Share Insurance Fund (NCUSIF) and the Federal Deposit Insurance Corporation (FDIC) on all types of deposits and accounts is imperative and a longstanding goal of NAFCU member credit unions. Consumers often do not distinguish between the government backing on accounts at financial institutions. It is important that the law dictate that there is no difference in coverage, so as not to favor one type of institution over another in the marketplace. NAFCU is pleased that the legislation will provide NCUSIF parity with the FDIC for certain accounts, including IOLTAs.

NAFCU applauds Senators King, Warner, Tester and Fischer for their leadership on this issue. Similar legislation passed the House by voice vote earlier this year and we urge the Senate to act on this issue.

QM Points and Fees Fix
NAFCU also urges your support for the *Mortgage Choice Act of 2013* (S. 1577) introduced by Senators Machin, Johanns, Toomey, Kirk and Stabenow. This bipartisan legislation would bring much needed relief to credit unions by altering the definition of points and fees under the Consumer Financial Protection Bureau's "Qualified Mortgage" (QM) rule. *The Mortgage Choice Act of 2013* would make important changes that would exclude affiliated title charges from the "points and fees" definition, and clarify that escrow charges should be excluded from any calculation of "points and fees." These changes would greatly improve the definition of "points and fees" used to determine whether a loan meets the QM test, and would ensure that those with low and moderate means would continue to be able to obtain their mortgages from their credit union at a reasonable price. Identical legislation passed the House earlier this year by voice vote.

The above measures are three small steps to provide that relief. Each of these measures enjoys bipartisan support in the Senate and passed with overwhelming bipartisan support in the House. We hope that the Senate will not adjourn this session of Congress without acting on these issues as well.

In addition to consideration of these important bills addressing outdated and unnecessary regulatory burden, credit unions and their members remain hopeful that lawmakers will also take swift action to address the spike in data security breaches at our nation's retailers. Given the breadth, scope, and ongoing nature of these breaches, a Gramm-Leach-Bliley like federal standard must be put into place for retailers handling consumer's financial information. We hope that addressing these ongoing cyber and data security concerns will also be a focus of this session.

Thank you for your consideration. 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 Vice President of Legislative Affairs, Brad Thaler, at 703-842-2204.

Sincerely,

Carrie R. Hunt

cc: Members of the United States Senate