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National Association of Federal Credit Unions | [www.nafcu.org](http://www.nafcu.org)

March 13, 2015

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: Support for H.R. 1233, the *Community Lending Enhancement and Regulatory Relief Act of 2015***

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 H.R.1233, the *Community Lending Enhancement and Regulatory Relief Act of 2015*. We thank Representative Luetkemeyer and his staff for their leadership and commitment to provide credit unions parity in many key aspects of regulatory relief for community financial institutions found in this bill.

The bill would amend the *Gramm-Leach-Bliley Act* to exempt from the annual privacy policy notice requirement any financial institution that does not share nonpublic information with unaffiliated third parties and has not changed its policy on the sharing of nonpublic personal information from the previous year. NAFCU recognizes the good work of this committee in favorably reporting this legislation in the 113<sup>th</sup> Congress, and appreciates your continued interest in this broadly supported provision. NAFCU has long supported the elimination of the redundant statutory notice requirement.

NAFCU also supports the inclusion of the study and report provision that would delay the implementation of NCUA's proposed risk-based capital regulation as it relates to mortgage servicing assets until an impact study is conducted and alternatives are explored. This language would promote much-needed transparency, require a thorough analysis of the proposal's impact on mortgage servicing assets and encourage NCUA to take more time to consider the full impact of its proposed capital rule.

We are pleased that this legislation would waive escrow mandates for loans held in portfolio and increase the "small servicer" exemption threshold to 20,000 mortgages annually. This important exemption recognizes the strong history of small institutions providing high-quality mortgage servicing. Given their track record, small servicers should be incentivized to continue to service mortgage loans. The existing escrow rules drive small creditors from the mortgage market because it is difficult to provide cost effective escrow services.

The bill would also exempt higher-risk mortgages of \$250,000 or less from appraisal requirement provisions under the *Truth in Lending Act* if the lender holds the loan in portfolio for at least 3 years. This bill would also provide important legal safeguards for lenders acting in good faith throughout the appraisal process. When the committee reviews this bill for potential improvements, NAFCU would also recommend raising the \$250,000 threshold to a higher level.

NAFCU has long stated that credit unions and other financial institutions should be given a safe harbor if they assume the risks associated with making a mortgage loan to consumers when necessary and appropriate. We are pleased that this legislation would also ensure residential mortgage loans held in portfolio by originators, such as credit unions, automatically attain the qualified mortgage (QM) safe harbor under the Consumer Financial Protection Bureau's (CFPB) rules.

An important part of the providing regulatory relief to community financial institutions is to ensure credit unions have parity and balance with relief offered to other types of institutions. As the committee continues its work on regulatory relief, we would urge you to support and act on this legislation as it would provide meaningful relief to our nation's credit unions. Thank you for your time and consideration and we look forward to working with you as these and other regulatory relief issues move forward. If you have any questions or would like further information, please do not hesitate to contact me or NAFCU's Associate Director of Legislative Affairs, Chad Adams at (703) 842-2265 or [cadams@nafcu.org](mailto:cadams@nafcu.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Thaler', with a long horizontal line extending to the right.

Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee