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March 23, 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: Full Committee Mark-Up of Legislation to Relieve Regulatory Burden on Community
Financial Institutions**

Dear Chairman Hensarling and Ranking Members Waters:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing our nation's federally chartered credit unions, I write today with respect to several pieces of legislation scheduled to be marked-up by the committee later this week. NAFCU appreciates your continued focus on regulatory relief for credit unions as outlined in our testimony before the committee just last week. Specifically, NAFCU supports the following measures which are part of NAFCU's regulatory relief priorities and would urge the committee to favorably report them:

H.R. 1408, the *Mortgage Servicing Asset Capital Requirements Act of 2015*

This bipartisan legislation introduced by Rep. Perlmutter and Chairman Luetkemeyer would require the federal financial regulators, including the National Credit Union Administration (NCUA), to study the appropriate capital requirements for mortgage servicing assets. Relative to NCUA's recently proposed risk-based capital system, this legislation would promote much-needed transparency, require a thorough analysis of the proposal's impact on mortgage servicing assets and generally encourage NCUA to consider the full impact of the costly proposal and how it will affect the ability of credit unions to make loans to consumers.

H.R. 601, the *Eliminate Privacy Notice Confusion Act*

This bipartisan legislation introduced by Chairman Luetkemeyer and Rep. Sherman would remove the requirement that financial institutions send redundant paper annual privacy notices to consumers. NAFCU believes this is common sense in instances where the financial institution does not share information with third parties, the privacy policy has not changed, and it is accessible elsewhere. These duplicative notices are costly for credit unions and often confusing for the consumer as well.

H.R. 685, the *Mortgage Choice Act of 2015*

This bipartisan legislation introduced by Chairman Huizenga and Reps. Meeks, Royce, David Scott, Stivers, Doyle, Joyce, McCollum, and Fincher 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 important changes would greatly improve the definition of “points and fees” used to determine whether a loan meets the Consumer Financial Protection Bureau’s Qualified Mortgage (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.

H.R. 1529, the *Community Institution Mortgage Relief Act of 2015*

This legislation from Rep. Sherman and Chairman Luetkemeyer would that amend the *Truth in Lending Act* to provide a legal safe harbor from escrow requirements for smaller financial institutions, under \$10 billion in assets, that hold loans in portfolio for three years. The existing escrow rules drive small creditors from the mortgage market because it is difficult to provide cost-effective escrow services. The legislation also makes key changes for servicers that annually service 20,000 or fewer mortgage loans. Given their track record, small servicers such as credit unions should be incentivized to continue to service 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.

H.R. 650, the *Preserving Access to Manufactured Housing Act of 2015*

This bipartisan legislation introduced by Reps. Fincher, Sewell, Barr, and Sinema would modify the definitions of a mortgage originator and a high-cost mortgage to ensure that consumers of small-balance mortgage loans, including manufactured housing loans, will have access credit. Working families across the country, particularly in rural America, depend on access to financing for affordable manufactured homes and this bill addresses an important barrier to entry in the marketplace.

H.R. 1259, the *Helping Expand Lending Practices in Rural Communities Act*

This bipartisan legislation introduced by Reps. Barr and Hinojosa would be helpful to small creditors, including credit unions, as they deal with the CFPB’s definition “rural area” particularly as it relates to the ability-to-repay rule.

H.R. 1480, the *SAFE Act Confidentiality and Privilege Enhancement Act*

This legislation introduced by Rep. Dold would amend the *SAFE Mortgaging Licensing Act of 2008* to allow state and federal regulatory officials with financial oversight authority access to any information given to the Nationwide Mortgage Licensing System and Registry without loss of privilege or confidentiality protections.

Providing credit unions greater relief from CFPB burdens is also an important element of NAFCU’s Five Point Plan for Credit Union Regulatory Relief. The ability for credit unions to provide input and feedback to the CFPB and the transparency of the process are important aspects of this. We are pleased to see the following measures to advance these efforts included in the mark-up:

H.R. 1195, the *Bureau of Consumer Financial Protection Advisory Boards Act*

This bipartisan legislation introduced by Reps. Pittenger and Heck would codify in statute some of the advisory boards and councils at the CFPB, including the Credit Union Advisory Council. NAFCU members actively participate in the Credit Union Advisory Council at this time and NAFCU continues to believe a robust dialogue about how various CFPB initiatives will impact credit unions in practice is invaluable to the Bureau.

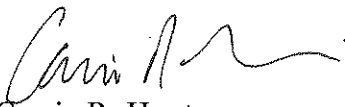
H.R. 1265, the *Bureau Advisory Commission Transparency Act*

This legislation introduced by Chairman Duffy would apply requirements of the *Federal Advisory Committee Act* to the CFPB. In effect, this would ensure CFPB Credit Union Advisory Council meetings are open to the public and all minutes and reports are made available to the public. As noted above, NAFCU believes the Credit Union Advisory Council plays an important role in informing the CFPB of how various rules and regulations would impact credit unions in practice, and encourages the bureau to take these discussions into account throughout the rule making process.

Finally, we hope this mark-up is the first step in addressing regulatory relief for community financial institutions such as credit unions. As NAFCU testified last week, there are a number of additional areas where credit unions need relief including additional capital reforms, field-of-membership improvements and requiring regulators to perform robust cost-benefit analyses of regulations. We would urge the committee to tackle these and other areas, including NCUA budget transparency, as you continue your work on regulatory relief.

Again, thank you for your continued focus on regulatory relief for community based financial institutions including credit unions. We look forward to continuing to work with the House Financial Services Committee on these issues and more as the 114th Congress continues. If my staff or I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact myself, or NAFCU's Vice President of Legislative Affairs Brad Thaler at (703) 842-2204.

Sincerely,



Carrie R. Hunt

Senior Vice President of Government Affairs and General Counsel

cc: Members of the House Financial Services Committee