



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
F: 703.524.1082
nafcu@nafcu.org

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

July 27, 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: Tomorrow's Full Committee Markup

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 federal interests of our nation's federally-insured credit unions, I write today in conjunction with the Committee's scheduled markup tomorrow. NAFCU appreciates the Committee's commitment to moving legislation to provide regulatory relief for community financial institutions forward. NAFCU supports the following measures and urges the Committee to report these pieces of legislation for consideration by the entire House of Representatives:

H.R. 1941, the *Financial Institutions Examination Fairness and Reform Act*

This important bipartisan legislation introduced by Representatives Lynn Westmoreland and Carolyn Maloney would help ensure a more fair examination process where financial institutions, such as credit unions, would have an independent appeal process to address situations in which they believe an examination determination made by the National Credit Union Administration (NCUA) or the Consumer Financial Protection Bureau (CFPB) was inaccurate or without substantiation. Currently, credit unions appeal to the same agency that levied the determination. This creates an inherent conflict of interest. Additionally, the legislation would ensure that the examination process is conducted in a more consistent and timely manner.

H.R. 3192, the *Homebuyers Assistance Act*

This timely bipartisan legislation introduced by Representatives French Hill and Brad Sherman would prevent the enforcement of new integrated disclosure requirements for mortgage transactions under the *Real Estate Settlement Procedures Act* (RESPA) and the *Truth in Lending Act* (TILA) before February 1, 2016, so long as a good faith effort to comply is made. This legislation is critical to allow mortgage lenders the appropriate time to comply with the new requirements.

Since the new disclosure requirements have a hard start date, and there will be no grace period in which mortgage lenders will be able to test their new systems, mortgage lenders could make a mistake while making a good faith effort to comply. While CFPB Director Richard Cordray has stated that the Bureau does not intend to be punitive regarding enforcement immediately following the compliance deadline, the CFPB has not published any official guidance or notice to that effect. Thus, CFPB would be able to levy its full enforcement power if it so chooses. This legislation will

erase all doubt and allow mortgage lenders to comply without fear of enforcement actions because of mistakes made in good faith.

H.R. 1210, the *Portfolio Lending and Mortgage Access Act*

This legislation introduced by Representative Andy Barr would ensure residential mortgage loans held in portfolio by originators would automatically receive the qualified mortgage (QM) safe harbor under the CFPB's rules. Maintaining a loan on portfolio ensures that mortgage lenders will use due diligence in underwriting, as a default or foreclosure will only impact the lender.


H.R. 766, the *Financial Institution Customer Protection Act of 2015*

This important bipartisan legislation introduced by Representatives Blaine Luetkemeyer and Alcee Hastings would ensure that federal banking regulators are not participating in "Operation Choke Point." It would ensure that they do not formally or informally request or order a depository institution to terminate customer accounts or restrict or discourage depository institutions from entering into relationships with particular customers without a material reason that is not based solely on reputation risk. The legislation is critical to ensure the federal banking regulators to do not create an environment that produces a chilling effect on access to financial services to customers engaging in lawful behavior. This practice not only denies the customers their right to financial services, but also creates a liability for depository institutions that are coerced into denying these individuals financial services.

Finally, we hope the Committee will continue its efforts to address regulatory relief for community financial institutions such as credit unions. 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. In particular, we would urge the Committee to act on pending credit union bills such as H.R. 2287, the *National Credit Union Administration Budget Transparency Act*, H.R. 2769, the *Risk-Based Capital Study Act of 2015*, and H.R. 2473, the *Preserving Capital Access and Mortgage Liquidity Act of 2015*, in future markups.

Once again, thank you for your commitment in moving these important pieces of legislation forward. We look forward to working with the Committee on these and other issues as they continue through the legislative process. If my staff or I can be of assistance to you, or if you have any questions regarding these issues, please feel free to contact myself, or NAFCU's Director of Legislative Affairs Jillian Pevo at (703) 842-2204.

Sincerely,



Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee