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

December 3, 2013

The Honorable Shelley Moore Capito
Chairman
Subcommittee on Financial Institutions
and Consumer Credit
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Gregory Meeks
Ranking Member
Subcommittee on Financial Institutions
and Consumer Credit
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Re: Regulatory Relief for Credit Unions

Dear Chairman Capito and Ranking Member Meeks:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions, I write today in conjunction with tomorrow's legislative hearing, "Examining Regulatory Relief Proposals for Community Financial Institutions" and the proposals before the Subcommittee that would benefit federal credit unions. NAFCU appreciates the subcommittee's continued focus on ways to mitigate the immense regulatory burden credit unions face in the wake of the financial crisis and the *Dodd-Frank Act*.

As you know, at the beginning of the 113th Congress, NAFCU called on lawmakers to provide broad-based regulatory relief to help credit unions of all asset sizes as part of a five-point plan for credit union regulatory relief. On behalf of NAFCU member credit unions and the 97 million credit union members across the country, we want to acknowledge and thank you for efforts the Financial Services Committee has made in passing legislation to reduce redundant privacy notice disclosures and ensure credit unions have insurance parity with banks for Interest on Lawyers Trust Accounts (IOLTAs).

Tomorrow's hearing offers another critical opportunity for credit unions to make a strong case for the type of regulatory relief that the industry so desperately needs. We are pleased that the bipartisan discussion draft circulated by Chairman Capito and Ranking Member Meeks to help ensure that conflicting, inconsistent, and duplicative laws and regulations are addressed at the hearing. NAFCU supports the goals of this bill and, as outlined in our regulatory relief plan, would support additional steps to ensure that regulators are required to conduct a look-back cost-benefit analysis on all new rules after three years. We believe regulators should be required to revisit and modify any rules for which the cost of complying was underestimated by 20% or more from the original estimate at the time of issuance. These hard benchmarks would

found in the Capito-Meeke discussion draft and we are hopeful that they would also be considered as the legislation moves forward.

NAFCU also appreciates the work of Representative Andy Barr in introducing the bipartisan *CFPB Rural Designation Petition and Correction Act* (H.R. 2672) that would establish a petition process to ensure "rural" designations for the purposes of some Qualified Mortgage (QM) categories are made fairly. As you know, NAFCU has serious concerns about several aspects of the QM definition including the way in which points and fees are calculated. Representative Barr's bill is a positive step forward in addressing outstanding issues related to QMs. With the QM rule set to take effect next month, we would also urge the Subcommittee to act in a timely manner on other QM fixes pending before it, such as the bipartisan *Mortgage Choice Act of 2013* (H.R. 3211).

Thank you for holding this important hearing. We appreciate the subcommittee reviewing ways to provide regulatory relief to community based financial institutions and look forward to working with you as the legislative process moves forward. If my staff or I can be of assistance to you, or if you have any additional questions regarding this issue, please feel free to contact myself, of NAFCU's Director of Legislative Affairs, Jillian Pevo, at (703) 842-2836.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Thaler", followed by a long horizontal line extending to the right.

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Subcommittee on Financial Institutions and
Consumer Credit