



Credit Union National Association

cuna.org

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May 4, 2011

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

The Honorable Carolyn Maloney
Ranking Member
Subcommittee on Financial Institutions
and Consumer Credit
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Capito and Ranking Member Maloney,

On behalf of the Credit Union National Association (CUNA), I am writing regarding H.R. 1315, the Consumer Financial Protection Safety and Soundness Act, which the subcommittee is considering today. CUNA is the largest credit union trade association in the United States, representing nearly 90% of America's 7,600 state and federally chartered credit unions and their 93 million members.

As we stated when we testified on this legislation in April, CUNA supports what we believe is the intent of this legislation: to achieve rules that balance consumer protection and the safety and soundness of institutions providing financial services.

H.R. 1315 would modify the voting procedure of the Financial Stability Oversight Council when voting to stay or set aside rules finalized by the CFPB by reducing the threshold for the Council to take action from a two-thirds vote of the Council to a majority vote of the Council, excluding the Director of the Bureau. The effect of this provision would be to reduce the number of members of the Council who must vote in favor of a petition to set aside or stay a final CFPB regulation from seven to five. We support this provision. Given the current financial crisis from which we are struggling to emerge, the threshold to prevent harmful regulation from going into effect should not be as high as a two-thirds vote of the financial regulators. Reducing the threshold would help balance consumer protection with safety and soundness concerns.

H.R. 1315 also makes changes to the conditions under which the Council can stay or set aside CFPB regulations by striking the requirement that the regulation or provision subject to petition by a Council member "would put the safety and soundness of the United States banking system or the stability of the financial system of the United States at risk" and replacing it with a requirement that the regulation subject to petition be "inconsistent with the safe and sound operation of United States financial institutions." With respect to this provision, we believe there may be alternative ways to achieve an appropriate balance. In the context of reviewing CFPB regulation, what is missing from the statute is the ability of the financial regulators to review CFPB regulation in the context of overall regulatory burden, a serious and growing problem for credit unions. We could support legislation to expand the conditions that must be met in order for the Council to override a regulation if the Council determines a new r



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rule would be unreasonably burdensome for financial institutions and the burden to financial institutions outweighs the benefit to consumers.

On behalf of America's credit unions, thank you very much for the opportunity to present our views on this legislation.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping horizontal stroke extending to the right.

Bill Cheney
President & CEO