

November 19, 2013

The Honorable Jeb Hensarling
Chairman
Financial Services Committee
United States House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Financial Services Committee
United States House of Representatives
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

The Credit Union National Association (CUNA) is the largest credit union advocacy organization in the United States, and the only credit union organization that represents the views of America's state and federally chartered credit unions and their 97 million members. I write in support of tomorrow's full committee mark-up of a number of bills that will have a positive impact on the interaction credit unions have with the Consumer Financial Protection Bureau (CFPB).

Legislation Related to the Structure of the Bureau of Consumer Financial Protection

H.R. 2446, the Responsible consumer Financial Protection Regulations Act, introduced by Representative Bachus, would replace the Director of the CFPB and establish a five person commission. When the CFPB was initially proposed by the Administration in June 2009, the legislation provided for a five person board to govern what was then called the Consumer Financial Protection Agency (CFPA). The administration's proposal further designated that one of the five seats would be designated for a national banking regulator. In response to that proposal, CUNA stated that the:

CFPA Board needs to be larger than what has been proposed, and there should be seats on the board statutorily designated for industry representatives, a state or federal credit union regulator, and consistent with our statement above, possibly a state consumer agency representative.¹

Under the Administration's proposal, the concern we raise is that there's no guarantee that the CFPA Board would include someone who had experience running a financial institution, specifically a credit union, and that without such experience, there would not be an appreciation for the totality of regulatory burdens facing credit unions. If the CFPB Director is replaced with a Commission, we would encourage Congress to expand the

¹ CUNA Letter to House Financial Services Committee Chairman Barney Frank. July 14, 2009. 5. http://www.cuna.org/Grassroots-And-Political-Action/Downloads/congress_letter_071409/

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size of the Commission beyond what has been proposed and include appropriate industry and regulatory representation, including a seat specifically designated for a person with experience related to credit unions. Expanding the scope of experience in this manner would enhance the quality of regulations promulgated by the CFPB by ensuring both the consumer perspective as well as the industry perspective is represented in the decision-making process.

Legislation Related to the Powers of the Financial Stability Oversight Council

CUNA supports H.R. 3193, the Consumer Financial Protection Safety and Soundness Improvement Act introduced by Representative Duffy. H.R. 3193 will authorize the Financial Stability Oversight Council (FSOC) to stay or set aside any regulation of the CFPB upon a determination by a majority of its members that the regulation is inconsistent with safe and sound operations of financial institutions, and to require the CFPB to take into consideration the impact of its rules on insured depository institutions.

The current threshold to prevent harmful regulation from going into effect is a two-thirds vote of the financial regulators; we believe this is too high given the importance of maintaining a safe and sound financial system. Reducing the threshold would help balance consumer protection with safety and soundness concerns.

In addition, we encourage Congress to consider legislation to expand the conditions that must be met in order for the FSOC to override a regulation if the FSOC determines a new rule would be unreasonably burdensome for financial institutions; or if the FSOC determines that the burden to financial institutions outweighs the benefit to consumers.

Legislation Related to the Use of Consumer Information

Representative Duffy has introduced H.R. 2571, the Consumer Right to Financial Privacy Act, which would prohibit the CFPB from requesting, accessing, collecting, using, retaining or disclosing nonpublic personal information about a consumer unless it has clearly disclosed to the consumer what information will be requested, access, collected, used, retained or disclosed, and the consumer has indicated that the information may be requested, accessed, collected, used, retained or disclosed. The legislation would also eliminate the CFPB's exemption from the Right to Consumer Privacy Act of 1978. CUNA supports H.R. 2571. Consumers should have knowledge of their personal information being transmitted to or acquired by the CFPB.

Representative Westmoreland has introduced H.R. 3183, a bill that would require the CFPB to provide at a consumer's request one free annual report disclosing all of the information about the consumer held by the CFPB, the sources of that information and the identity of any person or agency to which the CFPB has disclosed such information. H.R. 3183 would provide an important consumer protection by allowing consumers to

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know what information the Bureau has about them and how the Bureau may be using it. CUNA supports this legislation.

Legislation to place the CFPB under the Congressional appropriation process

CUNA commends Representative Neugebauer for introducing H.R. 3519, the Bureau of Consumer Financial Protection Accountability and Transparency Act, which would place the funding of the CFPB under the Congressional appropriations process. During consideration of the Administration's proposal to create the Bureau, CUNA advocated that the funding of the agency be supplied through the appropriations process. Certainly, subjecting the Bureau's funding to appropriations would provide an additional layer of oversight to the Bureau. CUNA supports this legislation.

Conclusion

Credit unions remain among the most highly regulated entities in the financial services sector. While the CFPB has taken several steps to solicit feedback regarding the impact of its regulations on credit unions, the fact remains that regulatory burden has continued to increase in the two years since the Bureau stood up. To make matters worse, one needs to look no further than the remittance rule and the mortgage rules to understand that there is little hope for this trend to change. Credit unions continue to face a crisis of creeping complexity with respect to regulatory burden and they look to Congress for assistance. Congress has an important role to play in ensuring that the CFPB's rules do not adversely affect credit unions and their members by impeding or increasing the cost of providing the high quality member service that credit union members expect and deserve. It is appropriate to consider meaningful reforms and we look forward to working with you in this regard.

On behalf of America's credit unions and their 97 million members, thank you for your consideration of our views.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping underline that extends to the right.

Bill Cheney
President & CEO