January 16, 2018

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

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

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of America’s credit unions, I am writing to express our support for four measures the committee is marking up this week, H.R. 1264, the Community Financial Institution Exemption Act; H.R. 2226, the Portfolio Lending and Mortgage Access Act; H.R. 3746, the Business of Insurance Regulatory Reform Act of 2017; and H.R. 4607, the Comprehensive Regulatory Review Act. The Credit Union National Association (CUNA) represents America’s credit unions and their 110 million members.

H.R. 1264 – Community Financial Institution Exemption Act

CUNA strongly supports H.R. 1264, the Community Financial Institution Exemption Act, which would exempt community financial institutions from rules and regulations issued by the CFPB.

Section 1022 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) specifically authorizes the CFPB to provide exemptions for a class of entities. This includes the ability for the CFPB to exempt credit unions from certain statutes or rules. However, the CFPB has not adequately used its exemption authority even though credit unions and small banks did not perpetrate the abuses that caused the financial crisis and have no pattern of committing financial abuse or leading consumers into cycles of debt.

Since the CFPB has failed to tailor its rules for smaller and community institutions, it has created a one size fits all system that is rigged in favor of large banks and nonbank entities. Credit unions and small banks follow the rules and treat consumers fairly. Instead of adding to the burden of those who provide safe and affordable products and services to consumers, the CFPB should focus on tailoring their rules for these types of institutions.

The impact of the CFPB’s rule-makings on credit unions and their members is troubling. For example, over half of the credit unions that have offered international remittances sometime during the past five years have either cut back or stopped offering them, primarily due to burden from CFPB regulations. More than forty percent that have offered mortgages sometime during the past five years have either eliminated certain mortgage products and services or stopped offering them, primarily due to burden from CFPB regulations. Credit unions with assets of less than $100 million are the asset group most apt to have dropped their mortgage program altogether.
H.R. 1264, the Community Financial Institution Exemption Act, would exempt community financial institutions from rules and regulations issued by the CFPB unless the Bureau is able to demonstrate that these institutions are engaged in a pattern of abuse. If the CFPB is unwilling to tailor its rules using its existing authority, Congress should require it to do so through this legislation.

**H.R. 2226 – Portfolio Lending and Mortgage Access Act**

CUNA supports H.R. 2226, the Portfolio Lending and Mortgage Access Act, which would allow mortgages held in portfolio at credit unions and other mortgage lenders to be treated as qualified mortgages for purposes of the CFPB’s mortgage lending rules. Treating loans held on balance sheets in this manner is especially appropriate for credit unions not only because they retain all of the risk involved with these mortgages and are subject to significant safety and soundness supervision from their prudential regulator, but also because they frequently have unique knowledge of their members’ financial circumstances. This legislation will help credit unions continue to provide mortgage credit to their members, even in circumstances where rigid adherence to the one-size-fits-all QM rule would deny a member the opportunity to own a home.

**H.R. 3746 – Business of Insurance Regulatory Reform Act of 2017**

CUNA supports H.R. 3746, the Business of Insurance Regulatory Reform Act of 2017, which would ensure that the regulation of insurance stays at the state level.

Many Americans, especially those who may not have access through their employer, rely on a credit union for their insurance. Credit unions offer some of the safest and most affordable insurance products available.

The business of insurance is state-regulated; however, certain actions by the CFPB have created some uncertainty and cause for concern. For example, the CFPB issued a Request for Information, which includes questions about the sale of credit insurance. The Business of Insurance Regulatory Reform Act of 2017 would clarify Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act to ensure that the regulation of insurance remains at the state level.

**H.R. 4607 – Comprehensive Regulatory Review Act**

CUNA supports H.R. 4607, the Comprehensive Regulatory Review Act of 2017, which would amend the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) to require the Federal Financial Institutions Examination Council and federal financial regulators, including the CFPB and National Credit Union Administration (NCUA), to review all existing regulations once every five years.
The Honorable Jeb Hensarling  
The Honorable Maxine Waters  
January 16, 2018  
Page 3  

Under current practice, the NCUA voluntarily reviews regulations every three years, one-third every year. While we support this legislation, we acknowledge NCUA’s diligent regulatory review process and do not wish to see any legislation affect it.

Finally, we wish to acknowledge that the committee is marking up H.R. 1426, the Federal Savings Association Charter Flexibility Act of 2017, which would allow federal savings associations (“thrifts”) to offer a broader range of services such as business lending without having to change charters or governance structure. Since this regulatory relief legislation for community banks is moving forward, it is our hope that the committee will swiftly take up H.R. 389, the Credit Union Residential Loan Parity Act, which would allow credit unions to offer member business loans for non-owner occupied one-to-four dwellings without being subject to the cap on member business lending under the Federal Credit Union Act.

We appreciate that the Committee is considering legislation to provide regulatory relief for community financial institutions. On behalf of America’s credit unions and their 110 million members, thank you for the opportunity to share our views.

Sincerely,

Jim Nussle  
President & CEO