January 9, 2018

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

Dear Chairman Luetkemeyer and Ranking Member Clay:

On behalf of America’s credit unions, thank you for holding the hearing entitled "Legislative Proposals for a More Efficient Federal Financial Regulatory Regime: Part III." The Credit Union National Association represents America’s credit unions and their 110 million members.

For the record of this hearing, we would like it to reflect our support for two bills: H.R. 4648, the Home Mortgage Reporting Relief Act, and H.R. 1264, the Community Financial Institution Exemption Act.

**H.R. 4648 – the Home Mortgage Reporting Relief Act**

In October 2015, the Consumer Financial Protection Bureau (CFPB) published a final rule that greatly expands the data collection and reporting requirements imposed upon credit unions under the Home Mortgage Disclosure Act (HMDA). The final rule not only expands the types of loan transactions subject to HMDA, but also increases the number of data points credit unions are required to collect and report. We appreciate that the CFPB intends to open a rulemaking to reconsider various aspects of the rule and will not assess penalties for errors in data collected in 2018. That said, CUNA fully supports H.R. 4648, the Home Mortgage Reporting Relief Act of 2017, which would delay the expanded data collection requirements until January 1, 2019, which would in turn postpone the first mandatory reporting date under the new regulatory scheme until March 2020. A delay of these new HMDA reporting requirements would provide credit unions with the additional time necessary to bring their policies and procedures in compliance with the new rule.

**H.R. 1264 – the Community Financial Institution Exemption Act**

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.

Because the CFPB has failed to tailor its rules toward the abusers of consumers, it has created a system that is rigged in favor of the large banks and nonbank entities. These institutions can spread out the cost of compliance over large economies of scale, while credit unions and community banks must comply with the
same rules using a significantly smaller base of resources. Some of these institutions are so large that they can afford to ignore the rules and pay enforcement actions.

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 enforcing the rules already on the books against bad actors. It should also tailor any new rules to directly address abuses and not add unnecessary regulatory burdens to small financial institutions who are already highly regulated and have no history of consumer harm.

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 implement this policy using its existing authority, Congress should require it to do so through this legislation.

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 your time and leadership.

Sincerely,

Jim Nussle
President & CEO