

COMMON SENSE STEPS TO ADDRESSING REG BURDEN



CFPB Five-Person Commission

The current structure — with one powerful director — gives too much authority to one person and does not provide enough oversight and accountability. Modernizing the CFPB to include a multi-member Commission would enhance consumer protection by ensuring that diverse perspectives are included in final rules and prevents disruptions caused by personnel changes. Credit union members will benefit from policymaking that includes more voices.

This system is much more consistent with the traditions of our democracy.



Increase CFPB Supervisory Threshold

Congress should do more to ensure that the CFPB focuses on abusers of consumers. Local credit unions and small banks do not present significant risk to consumers and have federal prudential regulators capable of supervising compliance with consumer protection law.

Increasing the supervisory threshold to more than \$50 billion and indexing it for inflation will allow the CFPB to focus supervisory resources on large Wall Street banks and nonbank financial services providers, which present the greatest risk to consumers.



Affordable Rental Housing

The renter population in the United States is increasing, creating a considerable gap in rental supply and demand and putting affordable rental housing out of reach for many. Credit unions face statutory barriers to helping finance small rental housing because the Federal Credit Union Act treats loans for 1-4 family, non-occupied residential properties as commercial loans, but similar loans made by banks are considered residential loans.

Congress should correct this disparity and encourage credit unions to help with the affordable rental housing crisis.



Clarify Exemption Authority

The CFPB has statutory authority to exempt local member-owned credit unions from its rulemaking. Its failure to use this authority has harmed consumers seeking safe financial services, including remittances and mortgages, from credit unions by making these services more expensive and less available.

Congress should enact legislation to clarify that credit unions are exempt from CFPB rules unless the CFPB demonstrates credit unions are causing consumer harm.



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Structural Reform



CFPB structural reform is necessary to ensure consumers continue to have access to local credit unions and small banks: One-size-fits-all regulation does not work for main street — local credit unions, small banks and the consumers and small businesses they serve. It's created an anti-competitive system favoring the largest institutions who can afford to comply with Washington. Over regulation is hurting consumers, costing them time and money. Local member-owned credit unions know their members better than Washington.

Now is the time to reform the CFPB so that it works for credit union members.

Regulatory Relief



Congress should have oversight of agency rulemaking for regulations with an economic impact of \$100 million or greater and should also provide protection to credit unions for good faith reporting of suspected financial elder abuse. Very well-capitalized credit unions should have reduced regulatory requirements.

We support additional provisions aimed at providing regulatory relief including the provisions addressing the CFPB's rulemaking on arbitration, small dollar lending, HMDA, remittances, mortgage lending and other rules that stand between local credit unions and their members.

CFPB Should Consult with NCUA About Rules



Several of the rules the CFPB has finalized over the past few years have harmed credit unions' ability to provide safe and affordable products and services. New mortgage rules, the rule for international remittances, proposals on small dollar lending and arbitration, and CFPB enforcement actions that have conflicted with credit union statutory rights have harmed credit union members by forcing credit unions to eliminate product offerings and in some instances limit credit offerings to riskier borrowers.

Credit union members will benefit if the CFPB makes appropriate rule changes and provides clarification to address the impact of its current rules and proposals on credit unions.

Address CFPB's Abuse of UDAAP Authority



Through the use of its Unfair, Deceptive and Abusive Actions and Practices (UDAAP) authority, the CFPB has failed consumers by ignoring basic tenets of the rule of law. Regulations should be clear, publicized, stable and just, but the CFPB has used this authority as a broad tool to sweep credit unions into proposed regulations consistent with its ideological goals, despite no evidence of harm to consumers. In their supervisory role, they have used this authority to set expectations that conflict with longstanding guidance from credit unions' prudential regulator.

CFPB circumvents the will of Congress and harms consumers by creating an uncertain operating environment for credit unions serving them. Congress should repeal the CFPB's UDAAP authority.