November 27, 2017

The Honorable Mick Mulvaney
The Office of Management and Budget
725 17th St., NW
Washington, DC 20503

Dear Director Mulvaney:

Thank you very much for the opportunity to meet with you recently. I enjoyed our discussion and appreciate your support for credit unions and their mission to promote thrift and provide access to credit for provident purposes.

On behalf of America’s credit unions and their 110 million members, I am writing today in light of the President’s decision to name you as the interim Consumer Financial Protection Bureau (CFPB) Director. Congratulations and we wish you great success in this important new role.

America’s credit unions value the CFPB’s mission, which it states as, "[aiming] to make consumer financial markets work for consumers, responsible providers, and the economy as a whole." Unfortunately, credit unions’ ability to provide their top quality and consumer-friendly financial products and services has been significantly impeded over the last several years under the CFPB’s jurisdiction. This fact is due to the CFPB’s overly broad rules that have imposed additional requirements on credit unions for the mistakes and irresponsible practices of other industry stakeholders. Based on a study of credit unions’ regulatory burden, in 2014 alone, CFPB rules and changes in regulation by other federal regulators cost credit unions $6.1 billion in regulatory costs and an additional $1.1 billion in lost revenue. Additional regulatory requirements since 2014 stemming from broad CFPB rulemakings have further compounded this cost burden on credit unions and their member-owners, leading to an unprecedented amount of time and resources spent on highly technical compliance issues, and less on member service.

While the CFPB regularly cites its modest thresholds and accommodations in some mortgage rules and the remittances rule as proof that it considered the impact on credit unions and their members, there is substantial evidence to the contrary. Regrettably, credit unions have suffered since being deluged with an onslaught of CFPB rules. The insufficient accommodations the CFPB continues to cite do not fully take into consideration the size, complexity, structure, or mission of all credit unions. One of the unintended consequences is that consolidation, particularly of the smallest credit unions, has accelerated since the CFPB began sweeping credit unions into its rules.

To address this situation, we urge new CFPB leadership to take the following actions moving forward:

First, the Bureau should not finalize any new regulatory requirements affecting credit unions, unless they are intended to provide relief from prior regulations. The CFPB should instead focus on enforcing current regulatory requirements, and ensuring Wall Street and others pay a huge price for any harm to consumers.

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Second, CFPB leadership should place an immediate freeze on proposing new regulatory requirements that will affect credit unions. Credit unions need time to adjust to the exponential increase in new regulatory requirements of the last several years.

Third, the CFPB should allow the National Credit Union Administration (NCUA) to administer the examination and supervision of all credit unions for compliance with consumer protection regulations, including those over $10 billion in asset size. This change will enable the Bureau to fully focus its examination and enforcement on Wall Street banks and other abusers of consumers, and ensure that credit unions continue to be adequately supervised.

Fourth, we urge the CFPB to continue receiving feedback from credit unions through the Credit Union Advisory Council (CUAC). Although, the CUAC is not statutorily mandated, it is a valuable resource in helping policymakers understand how regulations impact credit union members, their communities, and the everyday operations of credit unions.

Finally, the CFPB must effectively use its statutory exemption authority. In the Dodd-Frank Wall Street Reform and Consumer Protection Act, Congress clearly provided the CFPB with the authority to use its discretion to exempt any class of covered entity from its rules, so rules are appropriately tailored to address problems in the industry and do not overburden smaller, less complex institutions. Since its inception, the Bureau has failed to fully use this authority, to the detriment of credit unions. We appreciate your support in urging the CFPB to appropriately use its authority during your time in Congress.² We strongly support your position that the CFPB should not encumber credit union operations because of the predatory actions of Wall Street banks and other consumer abusers.

We look forward to working with the Administration to provide any further detail or analysis as necessary. On behalf of America’s credit unions and their 110 million members, thank you for your consideration of these requests.

Sincerely,

Jim Nussle
President & CEO

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