



**America's
Credit Unions**

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The Honorable Patrick McHenry
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Re: Today's Markup

Dear Chairman McHenry and Ranking Member Waters:

On behalf of America's Credit Unions, I am writing to express our thoughts on measures before the Committee today and share our strong support for H.R. 3161, the CDFI Fund Transparency Act. America's Credit Unions represents the country's 4,800 credit unions and their 141 million members. America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their members nationwide.

H.R. 3161, the CDFI Fund Transparency Act

America's Credit Unions strongly supports the CDFI Fund Transparency Act, introduced by Representatives Rose and Pettersen. H.R. 3161 would provide Congress with the ability to gather information and conduct better oversight of the activities and operations of the Community Financial Development Institutions (CDFI) Fund within the U.S. Department of the Treasury (Treasury).

CDFIs provide essential financial services to rural, underserved, and low-income communities. Access to certification, grants, and other programs at the CDFI Fund helps CDFI-certified credit unions deliver programs and vital resources for communities and members facing financial challenges across the nation. There are currently over 500 CDFI-certified credit unions serving 5.2 million members. Together, they represent over 35 percent of all certified CDFIs. According to recently published data, credit unions make 77.1 percent of CDFI loans and hold 76.7 percent of all CDFI financial products.

America's Credit Unions is grateful for the work done by the CDFI Fund to accept and incorporate feedback in its long-overdue update to the CDFI Certification Application. It is of critical importance that the CDFI Fund maintain an open and transparent dialogue with CDFI certification applicants, including sharing the CDFI Certification Agreement as soon as possible and providing reasonable notice and explanation when certification is denied due to non-compliance. While the revised certification application and process heeds some industry concerns, there remains uncertainty about how the Fund will handle denials and decertification.

We believe Congress can and should act to provide greater clarity in this area and ensure smooth operations of the Fund.

This bipartisan, bicameral proposal would require the Treasury Secretary or their designee, such as the CDFI Fund Director, to testify annually before the Senate Banking Committee and House Financial Services Committee to provide a report on the CDFI Fund's operations. By requiring additional Congressional oversight and accountability of the Fund, lawmakers and constituents can ensure it is effectively carrying out its intended mission to help low-income and underserved communities. Increased transparency into the CDFI Fund would ensure all entities—both the government and financial service providers—remain focused on that mission. We urge the Committee to advance this legislation.

H.R. 8337, the Bank Resilience and Regulatory Improvement Act

The Bank Resilience and Regulatory Improvement Act, introduced by Rep. Barr, is a package of bills that would reduce regulatory burdens imposed on financial institutions:

- Title I of the bill increases the asset thresholds at which financial institutions become subject to supervision by the Consumer Financial Protection Bureau (CFPB), the Durbin Amendment, and the Qualified Mortgage requirements from \$10 billion to \$50 billion. This increase would adjust levels that have not been adjusted in 15 years to keep up with inflation. While America's Credit Unions believes that asset thresholds should not apply to credit unions whose core structure remains the same no matter the size of the institution, we applaud progress to alleviate burdens placed upon credit unions by the arbitrary \$10 billion threshold established in the Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank) Act. For example, when Senator Durbin added the Durbin debit interchange amendment to the Dodd-Frank Act, only 3 credit unions were directly subject to it (although all would ultimately be impacted), but today over 20 are above the \$10 billion asset mark and are directly impacted by the Durbin Amendment. Passing this Title would help stop the regulatory creep of these provisions.
- Title IV of the bill would provide accountability and transparency into the National Credit Union Administration's (NCUA) examination process and offer an opportunity for credit unions to appeal material supervisory determinations through an independent interagency appeals office. Additionally, the bill would permit greater clarity through a more streamlined process for requesting guidance from the agency. While we support this effort, credit unions are concerned about the cost of setting up the Office of Supervisory Appeals. We strongly urge the NCUA to utilize existing resources in setting up such an office.

We support the overall goal of the legislation to reduce regulatory burden and urge its advancement. We also strongly encourage the NCUA to consider using its existing authority to match the spirit of capital relief afforded to banks through the bill's adjustment to the community bank leverage ratio (CBLR) eligibility threshold.

H.R. 8338, the Clarity in Lending Act

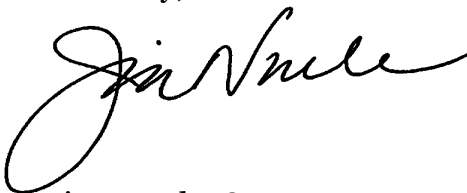
- Title II of the bill provides needed clarity to standards for unfair, deceptive, or abusive acts or practices (UDAAP) identified by the CFPB. Credit unions have long pushed back against the CFPB's questionable interpretation of UDAAP, both as an enforcement tool and basis for jurisdictional expansion, and strongly support the clarity provided in this title.
- Title III of the bill exempts the smallest financial institutions from the requirements of the CFPB's Small Business Lending Rule (pursuant to Section 1071 of the Dodd-Frank Act). America's Credit Unions remain concerned that this rule will disproportionately place additional costs and complexity on credit unions which ultimately will result in fewer and less favorable outcomes for small business borrowers. We reject the unnecessary burdens imposed on credit unions by the CFPB through this rule, and support the steps taken in this section to provide relief.
- Title IV of the bill requires the CFPB to engage in notice and comment rulemaking when it considers how to balance privacy interests with standards governing publication of section 1071 related lending data. Credit unions are sensitive to the privacy interests of small business members and any future CFPB action that might impair those interests should be subject to a robust public comment process.

We support the overall goal of the Clarity in Lending Act to provide critical clarity to financial institutions and urge its advancement.

Conclusion

On behalf of America's Credit Unions and the nearly 141 million credit union members, thank you for the opportunity to share our views on the bills before the Committee today. We look forward to continuing to work with you to create an environment where credit unions and their members can thrive.

Sincerely,



Jim Nussle, CUDE
President & CEO

cc: Members of the Committee on Financial Services