

## Federal Issue Brief



## Background

**CFPB Exemption:** Credit unions did not cause the recent financial crisis, but they have been required to spend time, money and effort complying with the numerous new requirements that resulted from the Dodd-Frank Act. While credit unions with under \$10 billion in assets are exempt from CFPB examination authority, they remain subject to the rules and regulations the CFPB has issued over the last several years. Credit unions are increasingly concerned that regulatory burden is becoming the main driver of consolidation, which will further limit consumer choices in the marketplace.

**FCUA Modernization:** The Federal Credit Union Act has not been significantly amended since 1998. Credit Unions, as valuable players in the financial service marketplace, must continue to adapt to remain relevant.

## Regulatory Burden Has Become Our #1 Issue

**CFPB Exemption:** Since the implementation of the Dodd-Frank Act and the establishment of the Consumer Financial Protection Bureau (CFPB), more than 800 credit unions have closed their doors and the numbers continue to increase in the form of closures or consolidation through mergers. Compliance costs have taken a serious toll on credit unions that do not have the resources of larger institutions.

**FCUA Modernization:** Congress wrote the Federal Credit Union Act in 1934 as credit unions began to increase in popularity and spread across the nation. While the dynamic financial service marketplace has continued to change at a rapid pace, Federal credit unions have not had the benefit of modernization of their charter as many states, including Michigan, have updated state acts in recent years.

## MCUL Position

**CFPB Exemption:** Support legislation to exempt the credit unions from all rules, regulations and oversight by the CFPB. The NCUA is equipped to provide effective industry oversight on consumer issues.

**FCUA Modernization:** Support legislation that modernizes the federal credit union charter so that credit unions can better serve their members and to provide additional access to the high quality, lower cost financial services available at a credit union.

Key areas requiring modernization include:

- Field of membership reforms designed to increase access to credit unions
- Access to Supplemental Capital (HR 989/S 423)
- Enhanced Business Lending Authority (HR 1188)
- Mortgage Choice Act (HR 685)
- Elimination of Annual Privacy Notice Requirements (HR 601/S 423)
- Portfolio Lending and Mortgage Access Act (HR 1210)
- Expanded Investment Authority

### Legislative Status

**Capital Access for Small Businesses and Jobs Act** - Amends the Federal Credit Union Act to empower federal credit unions to receive payments on certain uninsured non-share accounts, subject to such terms, rates, and conditions as may be established by the board of directors, within limitations prescribed by the National Credit Union Administration Board (Board).

**2015 HR: 989**

**2014: HR 719**

HR 989 Status: Referred to House Committee on Financial Services

2014 co-sponsors: Miller

2015 co-sponsors: Benishek

**Credit Union Small Business Jobs Creation Act** - To amend the Federal Credit Union Act to provide certain credit unions with the authority to make additional member business loans. The bill, which is identical to the legislation that has been introduced in the last two Congresses, would raise the cap on credit union member business lending to 27.5% of assets.

**2015: HR 1188**

**2014: HR 688**

HR 1188 Status: Referred to House Committee on Financial Services on 3/2/15

2014 co-sponsors: Conyers, Huizenga, Kildee, Levin, Miller, Peters, Upton

2015 co-sponsors: None

**Mortgage Choice Act of 2015** - Amends the Truth in Lending Act with respect to requirements for disclosure to a consumer of points and fees information about a consumer credit transaction, secured by the consumer's principal dwelling, but which is not a residential mortgage transaction, a reverse mortgage transaction, or a transaction under an open end credit plan, when the total points and fees the consumer must pay at or before closing will exceed 8% of the total loan amount or \$400, whichever is greater.

**2015: HR 685**

**2014: HR 3211**

HR 685 Status: Referred to House Committee on Financial Services on 2/3/15

2014 co-sponsors: Huizenga, Kildee, Peters, Walberg

2015 co-sponsors: Huizenga (LEAD SPONSOR)

**Eliminate Privacy Notice Confusion Act** - Amends the Gramm-Leach-Bliley Act to exempt from its annual privacy policy notice requirement any financial institution which: (1) provides nonpublic personal information only in accordance with specified requirements, and (2) has not changed its policies and practices with regard to disclosing nonpublic personal information from those disclosed in the most recent disclosure sent to consumers.

**2015: HR 601/S 423**

**2014: HR 749**

HR 601 Status: Referred to Committee on House Financial Services on 1/28/15

S 423 Status: Referred to Committee on Banking, Housing, and Urban Affairs, hearing held 2/12/15

2014 co-sponsors: Huizenga, Miller, Peters, Walberg

2015 co-sponsors: Huizenga

**Portfolio Lending and Mortgage Access Act** - This legislation would deem residential mortgages held in portfolio by the original creditor as a "qualified mortgage." Treating loans held on financial institution's balance sheets in this manner is appropriate, because the lender retains all of the risk involved and is subject to significant safety and soundness supervision from its prudential regulators. Credit unions are primarily portfolio lenders, and this change will allow them to extend mortgage credit to more qualified borrowers in their communities.

**2015: HR 1210**

**2014: HR 2673**

HR 1210 Status: Referred to House Committee on Financial Services on 3/3/15

2014 co-sponsors: None

2015 co-sponsors: None