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**National Association of Federally-Insured Credit Unions**

December 14, 2017

Office of Management and Budget  
New Executive Office Building  
Room 10235  
Washington, D.C. 20503

RE: Debt Collection Quantitative Disclosure Testing (OMB Control Number: 3170-XXXX; Docket No. CFPB-2017-0038)

Dear Sir/Madam:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing in regard to the Consumer Financial Protection Bureau's (CFPB) proposed information collection pertaining to consumer understanding of and decision making in response to debt collection disclosure forms. NAFCU would like to take this opportunity to reiterate its concerns regarding the CFPB's debt collection initiatives. Credit unions are not debt collectors under the *Fair Debt Collection Practices Act* (FDCPA) and should also be exempted from any rulemaking on single-party debt collection practices made under the CFPB's unfair, deceptive, and abusive acts and practices (UDAAP) authority. Credit unions are not the nefarious actors that the CFPB should target with such a rulemaking.

The CFPB first issued an Advance Notice of Proposed Rulemaking on debt collection practices in November 2013 as a response to numerous complaints and lawsuits. Last year, the CFPB released an Outline of Proposals Under Consideration and Alternatives Considered and convened a Small Business Regulatory Enforcement Fairness Act (SBREFA) panel for third-party debt collection practices. In a comment letter dated September 23, 2016, NAFCU thanked the CFPB for distinguishing between first- and third-party debt collectors and urged it to continue with separate rulemakings. Since then, the CFPB has indicated that it would pursue entirely separate rulemakings for first- and third-party debt collection practices. A rule on third-party debt collection would be made under the FDCPA, whereas a first-party debt collection rule would be promulgated under the CFPB's UDAAP authority pursuant to the *Dodd-Frank Wall Street Reform and Consumer Protection Act*.

Credit unions, as member-owned, not-for-profit cooperatives, serve a different purpose in the financial industry. Unlike large banks, profits and shareholder payouts are not primary objectives for credit unions. Consequently, credit unions should receive different treatment from regulatory agencies like the CFPB, especially with respect to rulemakings about practices in which credit unions simply do not engage. Credit unions work with their members and not against them,

especially in situations where a borrower is delinquent on a loan. NAFCU's June 2016 Economic & CU Monitor survey indicated that roughly 80 percent of credit union respondents have waived late fees, interest, or fines for their members and another 33 percent have forgiven debts to one or more members.

This data shows that credit unions strive to assist their members when they are experiencing financial hardship instead of adding to their difficulties. Such record of consumer-friendly practices compounded with the fact that credit unions are facing continued industry consolidation and an increasingly burdensome and costly regulatory environment suggests that by including credit unions in a first-party debt collection rule, the CFPB would not be targeting the appropriate industry necessary to curb the types of practices that actually cause harm to consumers. In fact, by including credit unions in a rulemaking, the CFPB would only make it harder for credit unions to continue offering the excellent products and services their members love and have come to expect.

NAFCU and its member credit unions, therefore, request that the CFPB reevaluate its rulemakings on debt collection. A first-party debt collection rule could have a severely negative impact on the credit union industry; and a third-party debt collection rule could also have indirect effects on credit unions that make it harder for them to continue to do what they do best—that is, offer affordable, high-quality financial products and services to their communities. Should the CFPB decide to go forward with these rulemakings, NAFCU requests that credit unions be excluded from any rule on debt collection practices.

### **Conclusion**

NAFCU appreciates the opportunity to provide comments on this proposal for information collection. If you have any questions or concerns, please do not hesitate to contact me at [akossachev@nafcu.org](mailto:akossachev@nafcu.org) or (703) 842-2212.

Sincerely,



Ann Kossachev  
Regulatory Affairs Counsel