



Michael Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions
22 Inverness Parkway, Suite 200
Birmingham, AL 35242

Gerard Poliquin
Secretary of the Board,
National Credit Union Administration
1775 Duke St.
Alexandria, VA 22314-3428

Re: The NCUA Staff Draft 2020—2021 Budget Justification

12/2/2019

To Mr. Poliquin,

The League of Southeastern Credit Unions & Affiliates (LSCU) appreciates the opportunity to comment on a proposal within the 2020-2021 NCUA budget justification. The LSCU is a trade association that represents 339 credit unions in Alabama, Georgia, and Florida with nearly \$120 billion in total assets and approximately 10 million members. Our mission is “to create an environment that enables credit unions to grow and succeed.” We write specifically to oppose Board Member Todd Harper’s proposal to expand the Office of Consumer Financial Protection to include consumer compliance exams specifically for “large, complex credit unions.”

First, we generally oppose any additional compliance/exam burdens on credit unions. If there are exam findings that are concerning and of a systematic nature – our credit unions may be persuaded that expanding the Office of Consumer Financial Protection might be an appropriate remedy. However, we have not heard from any of our affiliates that their exam experiences are too lax, are not thorough enough, or are generally of minimal inconvenience.

Second, we do not think there is any justification for such an expansion. We know of no systematic failures in the area of consumer compliance that our credit unions have failed to uphold in their service to their members. And just because the NCUA’s approach to consumer protection is different than other



regulators does not mean it's ineffective; primarily because credit unions are so different from the other regulated financial institutions. We cannot forget that in our marketplace there are plaintiff's lawyers circling financial institutions, like hyenas circling a wounded wildebeest, hoping to catch them falling short in their consumer compliance obligations. This legal risk is at least equally concerning as regulatory risk and therefore is of a sufficient concern to our credit unions to rigorously promote consumer compliance.

Finally, because the CFPB has concurrent exam authority over those credit unions with assets greater than \$10 billion, we don't think there is justification to also impose an additional burden to "large, complex credit unions." Nor is there sufficient information on the specific proposal for us to truly analyze or give our input on it. However, in the spirit of compromise, we would consider supporting an expanded consumer compliance exam office, if the CFPB were to delegate their authority to the NCUA or if Congress saw fit to remove credit unions from their jurisdiction.

We congratulate the NCUA on managing the reorganization of the administration in such a fine manner while maintaining the safety and soundness of our industry through vigilant supervision. We applaud the progress on rolling out the MERIT system, as well. We appreciate the opportunity to let our thoughts be known on this subject -- and will work with the NCUA to assure that our credit unions constantly promote consumer compliance as they fulfill their missions to their members. Please feel free to contact me with any thoughts or questions on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Lee", is positioned above the typed name.

Mike Lee

Director of Regulatory Advocacy

League of Southeastern Credit Unions