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**“Implementation of the Economic Growth, Regulatory Relief, and  
Consumer Protection Act”**  
**U.S. Senate Committee on Banking, Housing, and Urban Affairs**  
**October 2, 2018**

Good morning Chairman Crapo, Ranking Member Brown, and Members of the Committee.

Thank you for the opportunity to participate in this important hearing on the implementation of the Economic Growth, Regulatory Relief, and Consumer Protection Act, or S. 2155.

S. 2155 includes a number of amendments applicable to credit unions that provide regulatory relief, promote economic growth, and protect consumers. Specifically:

- Section 103 exempted from appraisal requirements certain rural real estate transactions. At its September 2018 meeting, the NCUA Board proposed an appraisals rule incorporating this exemption and making additional burden reducing changes.
- Section 105 amended the statutory definition of a “member business loan” to exempt all loans fully secured by a 1-to-4 family dwelling, regardless of the borrower’s occupancy status. The

NCUA incorporated this amendment into its regulations less than one week after S. 2155's enactment.

- Finally, Section 212 requires the NCUA to annually publish the agency's draft budget and hold a public hearing. The NCUA has been compliant with the spirit of Section 212 since the fall of 2016 when we restarted public budget hearings and posted significant budgetary analyses on our website. Last month, we released a proposed 2019–2020 budget, with the public hearing scheduled for October 17th.

The NCUA is unique among federal financial regulators because of its structure as a “one-stop shop.” The NCUA insures, regulates, examines, supervises, charters, and provides liquidity to credit unions. My mandate to staff is to make the NCUA even more efficient, effective, transparent, and accountable, while protecting America's \$1.4 trillion credit union community, its 114 million, largely middle class, accountholders, the financial stability of the credit union system, and the safety and soundness of the National Credit Union Share Insurance Fund.

I wish to thank my Democratic colleague, Rick Metsger, for diligently working with me in a collegial, collaborative, and bipartisan manner for two and a half years to reorganize the agency and to develop sensible

and targeted regulatory relief for the Main Street credit union system, including:

- Establishing a Regulatory Reform Task Force to develop a comprehensive review of the agency's regulations;
- Providing flexibility to corporate credit unions' capital standards;
- Recognizing that federal credit unions may securitize loans they make;
- Improving the NCUA's examination appeals process to ensure due process and fairness;
- Improving the efficiency of the NCUA's capital planning and stress testing rules;
- Adding flexibility to the NCUA's field-of-membership processes;
- Proposing additional options for federal credit unions to offer payday alternative loans that present a viable alternative to traditional payday lenders; and
- Proposing a more tailored risk-based capital rule that does not needlessly burden the smallest credit unions.

Additionally, the NCUA promulgated an advanced notice of proposed rulemaking on the issuance of supplemental capital for risk-based net worth purposes.

The NCUA also undertook initiatives to improve the agency's efficiency and reduce unnecessary examination and reporting burdens. Specifically, the agency has:

- Reorganized by eliminating two of our five regional offices and streamlining several agency functions to reduce costs and increase efficiencies;
- Extended our examination cycle to 18 months, reducing our presence in well-run credit unions;
- Undertaken a modernization of our Call Report; and
- Implemented a program to incorporate emerging and secure technology that supports the agency's examination, data collection, and reporting efforts.

Finally, I would like to offer two suggestions for legislative action that would benefit the credit union system and the underserved, and assist the NCUA in carrying out its safety and soundness mission:

- Permit all credit unions, not just multiple common-bond institutions, to add underserved areas to their field of membership so as to expand access to financial services for the unserved and underserved and those of modest means; and
- Provide the NCUA with examination and enforcement authority over certain third-party vendors, including credit union service

organizations, and information security and fintech-related vendors.

We stand ready to work with you on your legislative priorities.

I look forward to your questions.

Thank you.