



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE NATIONAL OMBUDSMAN

April 1, 2008

Ms. Margaret M. Shanks
Assistant Secretary and Ombudsman
U.S. Federal Reserve Board
20th & C Street, N.W., Mail Stop 29
Washington, D.C. 20551

Dear Ms. Shanks:

The Office of the National Ombudsman held its second National Regulatory Fairness Hearing in Washington, DC, on March 12, 2008, to provide leaders from business organizations and trade associations an opportunity to comment on unfair or excessive Federal regulatory enforcement that impacts their members and small businesses nationwide.

During the hearing, Ms. Mary Dunn, Senior Vice President and Deputy General Counsel of the Credit Union National Association (CUNA) expressed concerns regarding the proposed changes to Regulation Z – The Truth in Lending Act and its significant impact on credit unions.

Pursuant to the Small Business Regulatory Enforcement Fairness Act which requires the Office of the National Ombudsman to receive, substantiate, and report to Congress comments from small businesses regarding concerns of unfair or excessive Federal regulatory actions, I am forwarding CUNA's official concerns to your agency for a high-level review and consideration. I would appreciate a response to my office regarding these concerns within thirty (30) days of receipt of this letter.

Ms. Shanks, thank you for your attention to this matter. If you have any questions or concerns, please contact my office by telephone at (202) 205-2417, fax at (202) 481-5719 or e-mail at ombudsman@sba.gov.

Sincerely yours,

Nicholas N. Owens
National Ombudsman and
Assistant Administrator for Regulatory Enforcement Fairness

Enclosure

The Mission of the Office of the National Ombudsman:
FOSTERING A MORE BUSINESS FRIENDLY REGULATORY ENFORCEMENT ENVIRONMENT.

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WRITTEN TESTIMONY

OF

MARY MITCHELL DUNN, SENIOR VICE PRESIDENT AND DEPUTY

GENERAL COUNSEL

CREDIT UNION NATIONAL ASSOCIATION

BEFORE THE SMALL BUSINESS ADMINISTRATION

March 12, 2008



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BEFORE THE SMALL BUSINESS ADMINISTRATION**

March 12, 2008

I am Mary Mitchell Dunn, Senior Vice President and Deputy General Counsel of the Credit Union National Association (CUNA). I appreciate the opportunity to represent CUNA and to address the issue of regulatory burdens on credit unions. CUNA is the largest credit union advocacy organization, representing approximately 90% of our nation's 8,400 state and federal credit unions and their 90 million members.

I am very pleased to provide this testimony on behalf of our nation's credit unions, which are the only financial institutions that operate on a not-for-profit basis solely for the benefit of their members. Although we recognize that regulatory burden is an issue for all financial institutions in general, for credit unions the burden is even more acute. Credit unions are subject to the same consumer protection laws and regulations as other financial institutions, similar safety and soundness requirements, and are subject to the increasing requirements of the Bank Secrecy Act. In addition, credit unions are subject to more restrictive capital requirements than those that apply to other types of financial institutions, field of membership and member business lending restrictions, as well as a usury ceiling, limitations on loan maturities, and stringent limitations on their investment options.

Regulation Z – The Truth in Lending Act

The Federal Reserve Board (Board) is currently in the midst of a multi-year review of Regulation Z, which are the comprehensive rules that implement the Truth in Lending Act. The Board last year proposed changes to the “open-end” rules, which are those that apply to loans that do not have a set repayment period, with credit cards being the prime example. The Board will later propose rules for “closed-end” rules that will apply to loans with set repayment periods, such as automobile and mortgage loans. In addition, the Board has also proposed significant new rules for mortgage loans to address the problems associated with the current mortgage lending crises.

These proposals will likely result in the most comprehensive changes to Regulation Z since the early 1980s. Although credit unions support lending rules that benefit their members, these changes will result in significant new burdens.

Conclusion

In conclusion, CUNA appreciates the opportunity to provide this written statement regarding the regulatory burdens on credit unions. I hope my statement has helped shed light on these very significant burdens and will be happy to provide additional information or to respond to any questions you have regarding this statement. Thank you.