**Regulatory Agency Focus/Transition**

Where do we stand with the current regulatory agency focus and transitions that have started to take place?

On April 17, 2025, the NCUA issued a press release confirming that President Trump terminated the positions of Todd Harper and Tanya Otsuka from the NCUA Board. This leaves Chairman Kyle Hauptman as the sole member. According to the NCUA, a single Board Member constitutes a quorum when there are no other Board Members. The NCUA also references precedent during the Bush Administration back in 2001-2002 with a sole Board Member noting that Board meetings were held, several actions were taken, both administrative and operational.

In addition, as previously reported at the NCUA board meeting, all agencies within the government have been required to submit plans for “large-scale” reductions in employees. Most recently the FDIC has reported a 20% reduction, as part of the government’s broad efforts to reduce federal employees. This could be foreshadowing a similar reduction for the NCUA, although an official number has not been published.

Recently, the NCUA also reopened the comment period for two final rules that have not yet become effective. The first is the succession planning rule and the second is the simplification of share insurance. This was done in light of the President’s January 20th executive order “Regulatory Freeze Pending Review.”

What does this all mean? With one Board Member and an anticipated reduction in force, I think it’s safe to assume that we can expect delays in any actions such as field of membership expansions, mergers, new credit union approvals, appeals, etc. With a reduction in field staff, there will likely be delays in exam results/reports. With potential early retirement buyouts as part of the employee reduction, there will also be a departure of historical knowledge.

Again, while we don’t have much specific information, we do have enough peripheral information to read between the lines and have a general sense of impact.

When it comes to the CFPB, we are still waiting for Jonathan McKernan to be confirmed to lead the agency. Last month, the Senate Banking Committee sent through their approval of his nomination as Director. The nomination goes to the full Senate to replace Acting Director Russell Vought. We are hearing that a confirmation vote is planned for May.

Last week, the CFPB provided employees with a memo outlining its supervisory and enforcement priorities for the remainder of 2025. In addition to shifting the focus back to depository institutions from nonbanks, the memo indicated that the CFPB will be focused on actual fraud against consumers with identifiable victims and measurable damages. The areas that they will focus on include:

- Mortgages (their highest priority)
- Fair Credit Reporting Act (FCRA)/Regulation V – data furnishing violations
- Fair Debt Collection Practices Act (FDCPA)/Regulation F related to consumer contracts/debts
- Various fraudulent overcharges and fees
- Inadequate controls to protect consumer information resulting in actual loss

Additionally, the CFPB will also prioritize providing redress to service members, their families, and veterans. They also noted that they will not engage in redlining or bias assessment supervision based solely on statistical evidence, only pursuing matters that show intentional racial discrimination and have identifiable victims.

With the planned elimination (currently stayed) of 1,500 employees (90% of the workforce), leaving a staff of 200, it remains to be seen what can be accomplished. In response to questioning, McKernan has publicly stated that he doesn’t believe the CFPB should be a prudential regulator. Putting the puzzle pieces together, we can speculate that the CFPB will slow down their advisory opinions, circulars, guidance, and enforcement actions.