



**Jim Nussle**  
President & CEO

Phone: 202-508-6745  
jnussle@cuna.coop

601 Pennsylvania Avenue NW  
South Building, Suite 600  
Washington, D.C. 20004-2601

November 20, 2017

The Honorable Mike Crapo  
Chairman  
Committee on Banking, Housing and  
Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Joe Donnelly  
United States Senate  
Washington, DC 20510

The Honorable Heidi Heitkamp  
United States Senate  
Washington, DC 20510

The Honorable Jon Tester  
United States Senate  
Washington, DC 20510

The Honorable Mark Warner  
United States Senate  
Washington, DC 20510

Dear Chairman Crapo, Senator Donnelly, Senator Heitkamp, Senator Tester, and Senator Warner:

On behalf of America's credit unions, I am writing to thank you for your efforts to find compromise on regulatory reform for community financial institutions, efforts which appear to have borne fruit. Credit Union National Association (CUNA) represents America's credit unions and their 110 million members.

In such a charged political environment, I recognize from experience just how challenging it can be to tune out the noise and focus on bipartisan solutions that can help our economy grow and extend opportunities for American families. That is why, first and foremost, I want to applaud your good faith work to try to craft regulatory reform legislation that can successfully navigate the turbulent waters of a divided Senate.

In particular, I want to express our strong support for S. 2155, the *Economic Growth, Regulatory Relief and Consumer Protection Act*, which is the result of that good faith work. This legislation represents a significant breakthrough in bipartisan negotiations, and contains many provisions that would improve the operating environment for credit unions and allow them to more effectively to help their members realize their financial goals.

Section 101 would offer relief from some of the requirements of the so-called Qualified Mortgage (QM) rule for certain lenders who hold mortgage loans in portfolio. Treating loans held on balance sheets in this manner is especially appropriate for credit unions not only because they retain all of the risk involved with these mortgages and are subject to significant safety and soundness supervision from their prudential regulator, but also because they frequently have unique knowledge of their members' financial circumstances. This provision will help credit unions, many of which are primarily portfolio lenders, continue to provide

mortgage credit to their members, even in circumstances where rigid adherence to the one-size-fits-all QM rule would deny a member the opportunity to own a home.

Section 104 includes changes to Home Mortgage Disclosure Act (HMDA) reporting requirements long advocated for by CUNA, including raising the threshold for reporting to 500 closed-end and open-end loans in a calendar year. This would provide much needed relief, particularly to smaller credit unions, which otherwise would undertake significant expense to bring their systems into compliance with a rule that does very little--if anything--to provide credit union members with additional protection and which may, depending on which additional data is ultimately made public, expose consumers to potential identity theft or fraud.

Section 105 presents a simple fix, based on consistency and fairness, that could significantly reduce constraints and free up billions in capital for economic development. Under current law, when a bank makes a loan for the purchase of a 1-4 unit, non-owner-occupied residential property the loan is classified as a residential real estate loan. On the other hand, credit unions that make such loans are forced to classify such loans as business loans. Your legislation would correct this disparity by providing consistency in classifications among banks and credit unions thereby allowing substantially more capital investment in affordable rental housing. Rough estimates from our economic and statistics team suggest that up to \$4 billion in capital could be freed up by this simple change. Including this provision, along with others, aimed at community financial institutions demonstrates recognition that credit unions play an important role in delivering economic prosperity for millions of American families.

Section 108 addresses long-held concerns about Property Assessed Clean Energy (PACE) loans; namely, that the same consumer protections in place with respect to mortgage lending are nonexistent for PACE loans. Much work remains to be done in states with PACE programs to ensure these liens are recorded appropriately relative to the underlying mortgage, and CUNA continues to advocate at the state level against expansion of the PACE programs where they do not already exist. Meanwhile, at the federal level, this provision would provide significant clarity to homeowners evaluating whether a PACE loan is appropriate for their situation.

Section 110 removes the three-day wait period required for the combined TILA/RESPA mortgage disclosure if a creditor extends to a consumer a second offer of credit with a lower annual percentage rate. This additional waiting period, even when the benefit of a lower rate inures to the borrower, has never made sense, and has significantly delayed closings for many credit union borrowers. We strongly support its removal.

Section 303 also contains a provision that CUNA has long supported. Many credit unions provide a full range of financial services, including financial management, retirement planning, and credit counseling to their members, including seniors and their families. Credit unions also provide elder abuse information and additional resources to help consumers, including on the credit union's websites and with account statements. The member-owner relationship between the credit union and its members puts credit union employees in a key position to detect suspicious activity around senior accounts because often times the employees know the members well. However, in some cases certain privacy laws make it difficult, or in some cases impossible, for employees to ring the alarm bell when exploitation is suspected. This legislation

represents an important step toward improving protection for seniors by providing legal immunity for properly trained financial services employees who disclose concerns about financial exploitation of senior citizens.

Finally, we are pleased that Section 501 would require Treasury to conduct a study on the risks that cyber threats may pose to financial institutions. Particularly in light of recent data breaches, which cause tremendous disruption and impose significant costs to credit unions, we applaud this effort to try to understand those risks more fully and potentially how to mitigate them across the financial services sector.

Once again, on behalf of America's credit unions and their 110 million members, we thank you for your leadership on these issues, and look forward to working with you in the weeks to come to secure passage of this important legislation.

Sincerely,



Jim  
President & CEO