



April 3, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business
Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

We, the undersigned State Credit Union Associations/Leagues (Leagues), which comprise the American Association of Credit Union Leagues (AACUL), and the Credit Union National Association (CUNA), thank you for your hard work and ongoing leadership during this crisis. State credit union leagues, AACUL, and CUNA represent credit unions across the nation and their 115 million members.

We have a shared goal of minimizing the shock to the economy and strengthening its resilience once economic restrictions are lifted. With this in mind, we write to express our initial concerns with the interim final rule for the Paycheck Protection Program (PPP) loans created by the recently enacted CARES Act.

As you know, credit unions' participation is critical to the success of this Program. Small business lending, including but not limited to SBA 7(a) lending, is very important to what we do, built on relationships, local knowledge, and underwriting skills honed over generations. Our chief concern is that, as written, the PPP may be problematic.

Credit unions were encouraged that the PPP was included in the CARES Act. We were grateful for the opportunity to provide direct input into crafting the statutory parameters of PPP. We want nothing more than the opportunity to deploy desperately needed credit to help local businesses bridge the current crisis, sustain their employee base and meet their other financial obligations.

Chief among our concerns is the compressed timeline in which our members received the basic guidelines along with the interim final rule published just hours before the PPP loans go live. Furthermore, we have been told that there will be a lending platform to support the loan process but, to the best of our knowledge, our members have not had access to the

platform. These issues will not keep credit unions from offering PPP loans, but will only add to the challenges of operating a business that is an integral part of the nation's critical infrastructure during these trying times.

Credit unions' initial concerns with the interim final rule are outlined below along with our recommended changes.

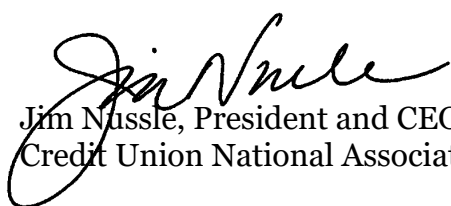
Loan terms are unreasonably short. The interim final rule provides for two-year loans. This is an unreasonably short term and will create hardship for cash-starved small businesses. The CARES Act provides for loans of up to 10 years. This term was chosen deliberately to ease payment terms for struggling borrowers. Treasury and SBA should use authority given them by Congress to provide loan terms of 10 years or as close as possible to that term.

Lender liability. The interim final rule provides little guidance on critical aspects of the Program such as documentation required to determine eligibility, the process for submission and approval of the loans by SBA, the collection of servicing fees, and the determination of funds to be forgiven. Historically, collection of SBA guarantees has proved challenging and at times frustrating. This lack of guidance shifts too much liability to the lender and, despite the guarantee, creates too much process risk relative to the very limited interest rate.


Borrowing by Credit Unions. Under 13 C.F.R. §§ 120.110(a)-(b), credit unions cannot be 7(a) borrowers because they are a "non-profit business" and "primarily engage in the business of lending." This is an unprecedented time and likewise, unprecedented program, and thus SBA should temporarily modify the rule to allow credit unions to borrow under the Paycheck Protection Program.

We hope that you will give all due consideration to these recommendations as equal and fair access for all credit unions will be critical to the success of the Program.

Sincerely,




Jim Nussle, President and CEO
Credit Union National Association



Daniel McCue, President and CEO
Alaska Credit Union League



Diana Dykstra, President and CEO
California & Nevada Credit Union Leagues



Dan Schline, President and CEO
Carolinas Credit Union League



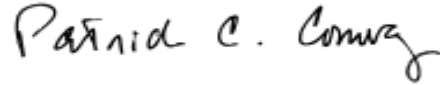
Bruce Adams, President & CEO
Credit Union League of Connecticut



Ron McLean, President and CEO
Cooperative Credit Union Association



Caroline Willard, President and CEO
Cornerstone Credit Union League



Patrick Conway, President and CEO
CrossState Credit Union Association



Jeff Olson, President and CEO
Credit Union Association of the Dakotas



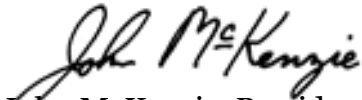
Dennis Tanimoto, President and CEO
Hawaii Credit Union League



Brad Douglas, President and CEO
Heartland Credit Union Association



Tom Kane, President and CEO
Illinois Credit Union System



John McKenzie, President and CEO
Indiana Credit Union League



Murray Williams, President and CEO
Iowa Credit Union League



Debbie Painter, President and CEO
Kentucky Credit Union League



Patrick La Pine, President and CEO
League of Southeastern Credit Unions



Bob Gallman, President and CEO
Louisiana Credit Union League



Todd Mason, President and CEO
Maine Credit Union League



John Bratsakis, President and CEO
Maryland | DC Credit Union Association



Dave Adams, President and CEO
Michigan Credit Union League & Affiliates



Mark Cummins, President and CEO
Minnesota Credit Union Network



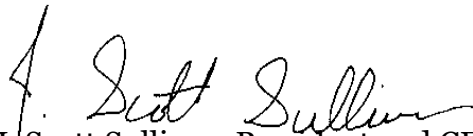
Charles Elliott, President and CEO
Mississippi Credit Union Association



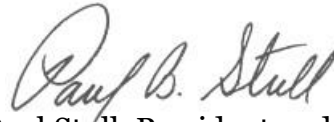
Tracie Kenyon, President and CEO
Montana's Credit Unions



Scott Earl, President and CEO
Mountain West Credit Union Association



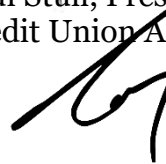
J. Scott Sullivan, President and CEO
Nebraska Credit Union League & Affiliates



Paul Stull, President and CEO
Credit Union Association of New Mexico



William Mellin, President and CEO
New York Credit Union Association



Troy Stang, President and CEO
Northwest Credit Union Association



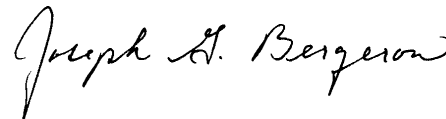
Paul Mercer, President and CEO
Ohio Credit Union League



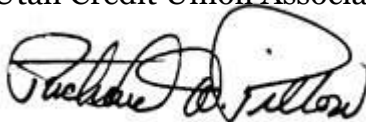
Fred Robinson, President and CEO
Tennessee Credit Union League



Scott Simpson, President and CEO
Utah Credit Union Association



Joe Bergeron, President and CEO
Association of Vermont Credit Unions



Rick Pillow, President and CEO
Virginia Credit Union League



Ken Watts, President and CEO
West Virginia Credit Union League



Brett Thompson, President and CEO
Wisconsin Credit Union League