



Jim Nussle
President & CEO

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

99 M Street SE
Suite 300
Washington, DC 20003-3799

April 17, 2020

The Honorable Rodney E. Hood
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Chairman Hood:

On behalf of the Credit Union National Association (CUNA), I am writing to follow up on our recent communications regarding the COVID-19 crisis and our letters of March 12, 2020, March 24, 2020, March 26, 2020, and April 8, 2020, regarding possible NCUA actions to alleviate the impact of COVID-19 on credit unions and their members.

First, I want to thank you, Board members McWatters and Harper, along with the NCUA staff, for the diligent work in assisting credit unions during the COVID-19 pandemic. NCUA's guidance and flexibility has helped credit unions serve their members during this terrible crisis.

As you are aware, the recently enacted Coronavirus Aid, Relief, and Economic Security Act (CARES Act) contains the Payment Protection Program (PPP), which is a Small Business Administration (SBA) loan program aimed at providing loans to small businesses that are fully guaranteed and forgivable if certain conditions are met. Credit unions and banks are among the authorized PPP lenders.

We have recently heard from credit unions that they have concerns about how PPP loans work in conjunction with NCUA's member business lending requirements. Furthermore, our members seek guidance on the impact of the Federal Reserve Board's April 6, 2020 announcement of a Paycheck Protection Program Lending Facility (PPPL facility) to provide term financing backed by PPP loans and whether additional NCUA rulemaking is necessary to fully utilize this facility. Our questions are:

- What is the impact of PPP loans on credit unions' risk-based net worth calculation that is required by 12 CFR § 702.106? Section 1102 of the CARES Act requires banking organizations to apply a zero percent risk weight to PPP loans for purposes of the banking organization's risk-based capital requirements.
- To facilitate the use of the Federal Reserve Board's PPPL Facility, does NCUA need to adopt a rule or guidance to allow credit unions to neutralize the regulatory capital effects of loans pledged to the PPPL Facility?

Again, thank you for listening and being responsive to our concerns. We welcome the continued dialogue with NCUA. Please contact me if you have questions or would like to discuss these recommendations further.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle", is written over a printed name and title.

Jim Nussle
President & CEO

