June 2, 2020

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

The Honorable Sherrod Brown  
Ranking Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of America’s credit unions, I am writing regarding the Implementation of Title IV of the CARES Act. The Credit Union National Association (CUNA) represents America’s credit unions and their 115 million members.

We thank the Committee on Banking, Housing, and Urban Affairs for its leadership during these unique and challenging times. We note that many challenges to our members implementing CARES Act programs and changes to regulations would likely be less challenging if done so under normal circumstances with more time to consider and develop the programs and changes.

**Troubled Debt Restructuring**

The CARES Act provides temporary relief for depository institutions, including credit unions, from complying with certain requirements under the Financial Accounting Standards Board’s troubled debt restructuring (TDR) standard. This important flexibility allows credit unions to modify troubled and other loans in relation to COVID-19 difficulties without needing to take additional steps necessary under the standard.

We greatly appreciate the relief provided by this provision in the CARES Act. Any and all compliance relief during this taxing time is extremely beneficial in allowing credit unions to continue to serve their members.

Under the Act, the TDR relief will expire on the earlier of December 31, 2020, or 60 days after the President terminates the COVID-19 national emergency. We appreciate and support the temporary nature of this relief. However, we believe in order to sufficiently aid America’s thousands of credit unions as they work with their over 115 million members who may be experiencing challenges repaying loans during the pandemic, relief from TDR reporting for qualifying loan modifications should be in effect until December 31, 2021, at the earliest.

**Central Liquidity Facility**

The CARES Act made several important changes to the Central Liquidity Facility (CLF), including increasing the CLF’s maximum legal borrowing authority and permitting corporate credit unions to act as agents for credit unions. These changes improve the operation and accessibility of the CLF to credit unions by expanding the amount of liquidity the National Credit Union Administration (NCUA) can provide to them.

However, these measures are set to sunset at the end of 2020. Given the unprecedented nature and the depth of this pandemic and the subsequent economic crisis, CUNA urges Congress to expand the CLF’s borrowing authority from 16 to 25 times the paid in capital, extend the expanded borrowing authority until at least December 31, 2021, and make permanent the ability of corporate credit unions to act as agents for credit unions. Particularly since credit
unions need to have access to liquidity when other parts of the economy freeze up, Congress should take steps to ensure the long-term viability of the CLF so it can help credit unions in future crises.

**Transaction Account Guarantee**

Section 4008 of the CARES Act provides the NCUA and Federal Deposit Insurance Corporation (FDIC) with authority to increase federal insurance noninterest-bearing transaction accounts. This program is referred to as transaction account guarantee (TAG) was originally authorized by Sections 1104 and 1105 of the Dodd-Frank Act. The Dodd-Frank Act requires a written determination by the Federal Reserve Board and FDIC that "a liquidity event exists that warrants use of the guarantee program," and written consent by the Treasury Secretary. The NCUA can only increase insurance in consultation with the FDIC. The current program has a deadline of December 31, 2020. Although the program hasn’t been used, we request that the expiration be extended for a year.

On behalf of America’s credit unions and their 115 million members, thank you for holding this important hearing.

Sincerely,

Jim Nussle
President & CEO