



Jim Nussle  
President & CEO

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

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

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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 hearing entitled "Oversight of Housing Regulators." The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

We appreciate the Committee holding this important hearing. We value the work of the Federal Housing Finance Agency (FHFA) over the past months to provide flexibility and clarity for mortgage servicers of government-backed loans to work with borrowers during the COVID-19 pandemic.

As expected, the widespread adoption of "stay-at-home" policies has resulted in economic disruption across the country. Small businesses have seen revenue streams come to a halt and the number of unemployed or financially distressed consumers has increased to historic levels. In response, Congress took action to provide relief to borrowers of government-backed loans and the FHFA has also taken steps to provide relief to those same borrowers. We appreciate those substantial efforts and encourage the FHFA to ensure there is consistency between the policies within their regulatory purview and the directives of Congress.

As financial first responders, credit unions have remained open during the COVID-19 emergency, ready to assist members in need. In many cases, credit unions and service providers are operating under amended hours, reduced staffing, and mandatory telework policies, and are even alternating in-person work schedules to correspond with appropriate social distancing. At full capacity, about one-third of credit unions operate with five or fewer full-time equivalent (FTE) employees, and about half of credit unions operate with 10 or fewer FTEs. The current conditions have strained credit unions' finite resources and significantly changed many standard operating procedures and processes. For that reason, policies that enable credit unions to continue to serve members throughout the year and into 2021 are critical.

While we support Congress and FHFA's initiatives to aid distressed mortgage borrowers, CUNA is increasingly concerned about the impact a large volume of mortgage forbearances will have on the liquidity of mortgage servicers. The longer that mortgage servicers, especially non-bank servicing companies like credit union service organizations (CUSOs), are expected to deliver scheduled payments while the borrowers themselves are in deferment, the greater the likelihood that servicers will start to experience liquidity issues. We recommend policymakers act to provide a funding source accessible to mortgage servicers as the financial disruption becomes prolonged. We believe FHFA should support and work with Congress to create a financing program, or liquidity facility, for mortgage servicers in need of assistance in order to preserve their ability to respond to the unprecedented levels of payment forbearance required to help families affected by COVID-19.

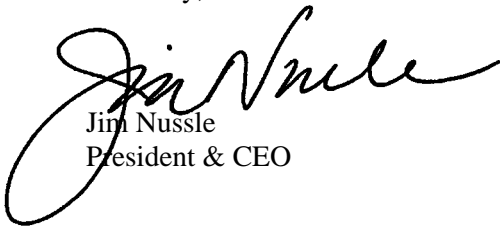
Credit unions have encountered an unprecedented number of distressed borrowers seeking assistance requests and flooding call centers. As forbearance requests increase, so too do the questions surrounding the process and procedures. We recommend FHFA and the government sponsored entities (GSE) issue guidance and additional resources addressing the treatment of escrow, private mortgage insurance (PMI), credit life, credit disability, and interest during the period of loan deferment and after the deferment concludes. FHFA and the GSEs could provide clarity on the timing of an escrow analysis and the options for repayment of unpaid escrow.

Specific guidance on collections and servicing practices would also be helpful as lenders are attempting to comply with the myriad of executive orders and foreclosure and collection moratoriums/limitations regarding real property loans from various new state and local laws and regulations and federal government actions.

Furthermore, CUNA supports any down payment assistance, provided by the housing finance agencies, to enable minority and low- to moderate-income homebuyers to become homeowners. Homeownership is an important way for consumers to build wealth, and any assistance is especially critical during this time. We urge Congress and the FHFA to utilize CUNA and credit unions as a resource to understanding the current housing environment and how consumers are managing their financial situation. Credit unions are owned by the consumers they serve, and as such have a vested interest in their economic well-being. We encourage continued outreach with credit unions and their members so policies effectively address and solve the economic issues American consumers currently face.

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

Sincerely,



Jim Nussle  
President & CEO