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June 10, 2020

The Honorable Wm. Lacy Clay
Chairman
Committee on Financial Services
Subcommittee on Housing, Community
Development and Insurance
United States House of Representatives
Washington, DC 20515

The Honorable Steven E. Stivers
Ranking Member
Committee on Financial Services
Subcommittee on Housing, Community
Development and Insurance
United States House of Representatives
Washington, DC 20515

Dear Chairman Clay and Ranking Member Stivers:

On behalf of America's credit unions, I am writing regarding the Financial Services Subcommittee on Housing, Community Development, and Insurance hearing entitled "The Rent Is Still Due: America's Renters, COVID-19 and an Unprecedented Eviction Crisis." CUNA represents America's credit unions and their 115 million members.

Since the beginning of the pandemic, credit unions have been working to ensure they remain in a position to serve their members during and after the crisis. The good news is that credit unions entered the crisis very strong, with capital, liquidity and asset quality levels at post-financial crisis highs. This puts credit unions in a good position to flex their people helping people muscle to help their members weather financial challenges presented by the current economic disruption. Throughout the COVID-19 pandemic, 95 percent of credit unions are offering loan forbearances; more than 85 percent are waiving fees; and, 80 percent have created new loan products to meet members' pressing needs¹.

Still, many Americans have experienced extreme hardship and job loss as a result of the pandemic. Economic experts anticipate a host of foreclosures and evictions in the months ahead; more than 70 percent of renters are not covered by the CARES Act's prohibition against evictions for failure to pay rent according to the Urban Institute's calculations. Even more worrisome, households of color are disproportionately more vulnerable to the financial burdens caused by the COVID-19 pandemic. Households of color disproportionately rent their homes compared to white households² and are being laid off at a higher rate due to the COVID-19 pandemic³. Some of these inequalities were caused by the 2008 financial crisis where people of color were targeted for subprime mortgages⁴.

That said, we share the same goal of keeping Americans in their homes. Millions of renters and homeowners are at risk because of the pandemic. We know this because many of them are credit union members. It is imperative to ensure that they can stay in their homes as the economy recovers. We must also take into account that all stakeholders throughout the mortgage and rental pipelines are supported as well.

¹ Ongoing survey of credit unions conducted by the Credit Union National Association (CUNA). Survey results as of March 27, 2020 See <https://www.americascreditunions.org/>

² https://www.urban.org/sites/default/files/publication/101160/explaining_the_black-white_homeownership_gap_a_closer_look_at_disparities_across_local_markets.pdf

³ <https://www.washingtonpost.com/business/2020/05/06/layoffs-race-poll-coronavirus/>

⁴ Rugh and Massey, "Racial Segregation and the American Foreclosure Crisis," Oct. 1, 2010.

That is why we support H.R. 6820, the Emergency Rental Assistance and Rental Market Stabilization Act of 2020 which would establish a \$100 billion emergency rental assistance program that is direct to the states. A model that we believe can and should be expanded.

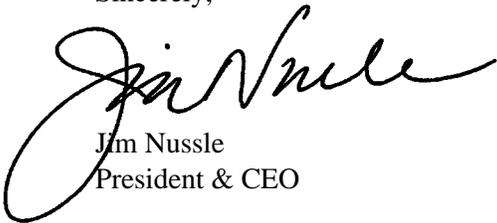
Credit unions mission has always been to serve the underserved and believe it is paramount that we assist and protect the most vulnerable during the pandemic. With that in mind, CUNA supports H.R. 6736, the Protect Rural Renters Act of 2020 that would authorize \$700 million for the USDA's rental assistance program which helps to provide assistance to over 270,000 households⁵; H.R. 6873, the Emergency Housing Assistance for Older Adults Act of 2020, which would authorize \$1.2 billion for the Supportive Housing for the Elderly program; and H.R. 7084, the Emergency Housing Voucher Act of 2020, which would authorize \$10 billion for vouchers for individuals experiencing or at risk of homelessness and survivors of domestic violence.

However, our shared goal of keeping Americans in their homes must not be achieved simply by the imposition of eviction moratoria or mandatory rent forbearance because measures like that undermine an increasingly fragile mortgage market that we know is critical to the health of the broader economy. Thus, we must oppose H.R. 6741, the COVID-19 Mortgage Relief Act.

Additionally, we oppose H.R. 6423, which would temporarily prohibit certain actions used in the collection of debt related to past due consumer and small business loans. While this restriction may be well-intentioned, credit unions have significant concerns about the impact this policy may have on community financial service providers and the consumers they serve. A blanket suspension of the debt collection process—even for a temporary period—will disrupt creditors' ability to actively manage their loan portfolios, increase the cost of credit for all borrowers, and reduce access to credit from reputable lenders when Americans need it most. The safety and soundness of any financial institutions depends on the continuation of their income streams and includes the responsible collection of debts from borrowers. Credit unions have a history of working with their members who encounter financial hardship or economic disruption. It is in the best interest of both the credit union member and the credit union to work out payment plans and other accommodations. In fact, as a result of their cooperative structure and member-focused mission, many credit unions are already working with financially distressed members to develop customized solutions that secure their financial well-being during this pandemic and beyond.

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

Sincerely,



Jim Nussle
President & CEO

⁵ <https://www.cbpp.org/research/housing/federal-rental-assistance-provides-affordable-homes-for-vulnerable-people-in-all#:~:text=USDA%20Section%20521%20Rural%20Rental,to%20pay%20their%20full%20rent.>