April 8, 2020

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Dear Director Kraninger:

On behalf of the Credit Union National Association (CUNA), I am writing to express our appreciation for the work of the Consumer Financial Protection Bureau (CFPB or Bureau) over the past month to provide flexibility and clarity to credit unions regarding compliance expectations during the COVID-19 pandemic.

Last month, CUNA provided several recommendations based on initial feedback from credit unions and we thank the Bureau for acting swiftly to implement some of our suggestions. We believe the Bureau’s policy statements on mortgage servicing and credit reporting provide much-needed flexibility for credit unions as they make good faith efforts to assist their members. In addition, the Bureau’s actions to postpone some active data collections, reduce the invasiveness of routine examinations, and grant flexibility regarding reporting obligations greatly help credit unions focus their resources on member service.

In recent weeks, CUNA has conducted outreach with credit unions and other stakeholders in the credit union ecosystem. These engagements resulted in additional policy recommendations that would assist credit unions in continuing to provide high-quality financial services to members affected by the current COVID-19 crisis.

**Recommendations**

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. As financial first responders, credit unions remain open and ready to assist their members in need – of which there are many. Credit unions and their service providers are operating under amended hours, reduced staffing, 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.

The following recommendations, based on feedback from credit unions, could help their ability to serve consumers during this critical time:

**Supervision & Enforcement**

The CFPB should continue to suspend routine onsite examinations and reduce the frequency of requests for examination-related information so credit union employees can dedicate their time to focusing on members. We encourage the CFPB to expand the “good faith efforts” policy to additional areas where credit unions are acting swiftly to assist members in need. Specifically, we recommend the adoption of a “good faith efforts” policy regarding Regulation B (Equal Credit Opportunity Act) notices for new credit products intended to assist members during the pandemic. Due to limited staff and resources, credit unions may need greater flexibility in providing adverse action notices and notices of incompleteness.

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1 See year-end call report data for credit unions, 2019.
Rulemaking

We urge the CFPB to extend the compliance deadlines for pending regulatory changes in 2020, unless the regulation reduces requirements, as most credit union resources are focused on customer service and processing member assistance requests at this time. For example, we recommend that the CFPB and the Federal Reserve Board extend the July 1, 2020, implementation date for the upcoming changes for Regulation CC (Availability of Funds and Collection of Checks).

In addition, we urge the CFPB to provide clarity to credit unions regarding the “temporary GSE patch,” which is set to expire on January 10, 2021. The CFPB should either extend the “GSE patch” or modify the underlying “ability-to-repay” and “qualified mortgage” rules by eliminating the 43% debt-to-income (DTI) ratio and Appendix Q requirements from the safe harbor. This will help credit unions continue to provide mortgage loans to consumers at this critical time.

Furthermore, we strongly encourage the CFPB to complete its rulemaking on small dollar lending and either exempt credit union loans completely from the rule’s requirement or rescind the mandatory underwriting provisions in the 2017 final rule. In these uncertain times, credit unions must have the ability to provide loans to consumers when their resources and options become limited.

Guidance

CUNA encourages the CFPB to continue to coordinate with other federal banking regulators to issue guidance on mortgage servicing during the COVID-19 pandemic, especially regarding compliance with the Real Estate Settlement Procedures Act (RESPA). Credit unions would benefit from additional guidance issued in collaboration with the relevant regulators regarding the difficulties in obtaining consumers’ income and/or employment documentation during the COVID-19 pandemic.

As member-owned, not-for-profit financial cooperatives, credit unions exist to provide credit and low-cost services to our member-owners, especially during times of emergency. While the COVID-19 pandemic has dramatically changed almost every aspect of everyday life, credit unions are standing true to their mission and continuing to assist their members and communities. Any regulatory relief the CFPB can provide for credit unions will greatly help in their efforts to serve their members.

On behalf of America’s credit unions and their 115 million members, thank you once again for considering our recommendations.

Sincerely,

Jim Nussle
President & CEO