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May 27, 2020

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: RIN 3133-AF16

Dear Mr. Poliquin:

The Credit Union National Association (CUNA) appreciates the opportunity to submit comments to the National Credit Union Administration (NCUA) in response to the interim final rule with request for comment on amendments to the agency's capital adequacy regulation in response to programs created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). CUNA represents America's credit unions and their 115 million members.

We appreciate the NCUA's Board and staff's tireless work throughout the COVID-19 pandemic. The quick publication of this interim final rule is yet another example of the agency's diligence and responsiveness to credit unions' needs as credit unions implement programs to help Americans. CUNA supports the amendments in the interim final rule as they provide guidance and answer many questions CUNA's members have had about the treatment of Paycheck Protection Program (PPP) loans on their balance sheet.

As you know, PPP was authorized by the Coronavirus Aid, Relief, and Economic Security (CARES Act), which was signed in to law on March 27, 2020. The Small Business Administration (SBA) published an interim final rule that implemented PPP on April 2, 2020, with a start date of April 3, 2020. The unprecedented speed with which PPP was rolled out to consumers left many gaps in various aspects of the loan program and how these loans would be treated under NCUA's lending and capital regulations. Nonetheless, credit unions stepped up to the plate on April 3 to make loans to needy businesses without knowing how many important features of PPP would work and how PPP loans would impact a credit union's balance sheet.

We agree that PPP loans should have a zero percent risk weight under NCUA's risk-based capital rules as required by the CARES Act and that the interim final rule properly implements

this requirement. The interim final rule also amends § 723.2 of NCUA's regulations excluding PPP loans from the definition of commercial loan. This change was necessary as there could be confusion that PPP loans are commercial loans under NCUA's business lending regulation. Last, the interim final rule amends § 702.2 for purposes of calculating a credit union's net worth ratio when loans are pledged as collateral to the Federal Reserve's Paycheck Protection Program Lending Facility. This change should help alleviate capital concerns for credit unions with increased assets from making and holding PPP loans.

CUNA supports the NCUA's changes to rules and regulations supporting credit unions that make PPP loans. If you have questions about CUNA's comments, please feel free to contact me at 202.508.6705.

Sincerely,

A handwritten signature in black ink that reads "Lance Noggle". The signature is written in a cursive, flowing style.

Lance Noggle
Senior Director of Advocacy and Senior Counsel for Payments and Cybersecurity