Credit Union National Association
CUNA

Help South Carolina Credit Unions

Support S. 2155 - Economic Growth, Regulatory Relief, & Consumer Protection Act

The Economic Growth, Regulatory Relief, and Consumer Protection Act – S. 2155 contains several provisions that would significantly reduce regulatory burden for community financial institutions like credit unions. These changes would allow credit unions across the country to more fully serve their members' needs, from mortgages to small business loans.

America's Credit Unions Specifically Support

Section 101 - provides relief from some of the requirements of the Qualified Mortgage rule for certain lenders who hold mortgage loans in portfolio. Treating loans held on balance sheets in this manner is especially appropriate for credit unions not only because they retain all of the risk involved with these mortgages and are subject to significant safety and soundness supervision from their prudential regulator, but also because they frequently have unique knowledge of their members' financial circumstances.

Overall, 3,800 credit unions throughout the nation hold over 2.2 million first mortgage loans in portfolio and in South Carolina, 43 credit unions hold 37,300 first mortgages in portfolio.

Section 104 - includes changes to Home Mortgage Disclosure Act reporting requirements, including raising the threshold for reporting to 500 closed-end and open-end loans in a calendar year.

Nationally, this provision would provide relief to approximately 3,300 credit unions that originated fewer than 500 second mortgages and to nearly 500 credit unions that originated fewer than 500 home equity loans – with the number of loans requiring onerous paperwork declining by approximately 340,000. Assuming reporting requires ten minutes of work for each of these loans we estimate elimination of those reporting requirements would reduce aggregate paperwork burdens by 57,000 hours in total. While this provision would greatly reduce the number of credit unions that would need to report, overall nearly 80% of credit union originations would remain covered by reporting requirements.

In South Carolina, this provision would provide an estimated 34 credit unions with reporting relief on second mortgages and 5 credit unions with reporting relief on home equity loans. Overall, among South Carolina credit unions, the number of loans requiring onerous paperwork would be roughly 4,800 lower each year under this provision – reducing aggregate paperwork burdens by roughly 800 hours.

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Section 105 - presents a simple fix, based on consistency and fairness that could significantly reduce constraints and free up billions in capital for economic development. Under current law, when a bank makes a loan for the purchase of a 1-4 unit, non-owner-occupied residential property the loan is classified as a residential real estate loan. On the other hand, credit unions that make such loans are forced to classify such loans as business loans.

Nationally, this change would immediately help almost 400 credit unions and pump $775 million of capital into the market. **In South Carolina, the change would help to inject approximately $1.3 million of capital into local markets throughout the state.**

Section 108 - addresses long-held concerns about Property Assessed Clean Energy (PACE) loans; namely, that the same consumer protections in place with respect to mortgage lending are nonexistent for PACE loans.

Section 110 - removes the three-day wait period required for the combined TILA/RESPA mortgage disclosure if a creditor extends to a consumer a second offer of credit with a lower annual percentage rate.

Were this provision in place in 2017 it would have directly helped approximately 1.5 million credit union members at over 3,800 credit unions throughout the nation by helping them avoid potential delays in the mortgage origination process. **This total includes approximately 17,000 members at 43 credit unions in the state of South Carolina.**

Section 303 - is an important step toward improving protection for seniors by providing legal immunity for properly trained financial services employees who disclose concerns about financial exploitation of senior citizens.

Section 501 - requires Treasury to conduct a study on the risks that cyber threats may pose to financial institutions. This is particularly important due to recent data breaches, which cause tremendous disruption and impose significant costs to credit unions.

Why Do America's Credit Unions Support S. 2155?

If this bill becomes law, credit unions and their members will benefit directly in a variety of ways. Credit unions will be able to make the process of getting a mortgage loan simpler and faster. Local communities will have better access to affordable housing as credit unions are able to provide more loans for rental properties. Finally, and most importantly, with less regulatory burden, smaller financial institutions like credit unions can concentrate more on serving their members, rather than spending hours complying with unnecessary regulatory burdens originally intended for Wall Street.

Regulatory burden costs the nation's 5,800 credit unions a total of $6.1 billion annually – a total that translates to $115 per member household. In South Carolina, regulatory burden costs the state's 65 credit unions a total of $67 million annually.