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April 5, 2017

The Honorable Ron Wyden
United State Senate
Washington, DC 20510

The Honorable Lisa Murkowski
United States Senate
Washington, DC 20510

Dear Senators Wyden and Murkowski:

On behalf of America's credit unions, thank you for introducing S. 836, a bill that creates parity for certain residential loans made by both banks and credit unions. The Credit Union National Association (CUNA) represents America's credit unions and their more than 110 million members.

Your legislation addresses a disparity in the treatment of certain residential loans made by banks and credit unions. When a bank makes a loan to purchase a 1-4 unit non-owner occupied residential dwelling, the loan is classified as a real estate loan; however, if a credit union were to make the same loan, it would be classified as a business loan and therefore would be subject to the cap on member business lending under the Federal Credit Union Act. S. 836 would amend the Federal Credit Union Act to provide an exclusion from the cap for these loans. This exclusion would be consistent with the treatment of these loans proposed under the National Credit Union Administration's risk-based capital regulation. In addition, S. 836 would authorize the National Credit Union Administration to apply strict underwriting and servicing requirements for the loans.

Enactment of this legislation would not only correct this disparity but it would enable credit unions to provide additional credit to borrowers seeking to purchase residential units, including low-income rental units. Credit unions would be better able to meet the needs of their members, if this bill was enacted, and it would also contribute to the availability of affordable rental housing.

On behalf of America's credit unions and their more than 110 million members, we appreciate your introduction of this legislation and look forward to working with you to ensure its enactment.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle", is written over a printed name and title.

Jim Nussle
President & CEO