



June 4, 2015

The Honorable Richard Shelby
Chairman
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Credit Union Residential Loan Parity Act

Dear Chairman Shelby and Ranking Member Brown:

On behalf of the National Association of State Credit Union Supervisors (NASCUS),¹ I am writing to you today to express our strong support for the Credit Union Residential Loan Parity Act (S. 1440), introduced by Senator Ron Wyden. The bill, which was referred to your committee on May 21st, would exclude loans secured by non-owner occupied 1-to-4 family dwellings from the credit union member business loan definition.

As financial regulators at the state level, NASCUS members are particularly attuned to the challenges faced by their communities and the vital role that credit unions, and all financial institutions, play in meeting consumer needs and supporting local economies. Accordingly, NASCUS supports lifting restrictions on credit union lending that are not tied to a specific prudential concern.

Senator Wyden's bill would ease one such restriction by eliminating a discrepancy that treats 1-to-4 family residential real estate loans as commercial loans for the purpose of the credit union member business lending cap. These loans are treated as residential real estate loans for capital adequacy purposes in banks and credit unions,² and should receive that same prevailing prudential treatment under statute. Correcting this inconsistency will tie the member business

¹ NASCUS is the professional association of the 46 state credit union regulatory and territorial agencies that charter and supervise the nation's state-chartered credit unions.

² 12 CFR 324.32(g); NCUA classifies these loans as residential real estate in its proposed risk-based capital rule scheduled to be finalized later this year. 80 FR 4340 (Jan. 27, 2015).

loan definition more accurately to commercial lending as well as streamline reporting requirements for credit unions by eliminating the need to report these loans as both residential and member business loans on the Call Report.

NASCUS appreciates the time and attention that the committee has dedicated to providing meaningful regulatory relief for financial institutions this session. We encourage you to advance Senator Wyden's bill, which aligns perfectly with the committee's bipartisan goal of providing regulatory relief for community financial institutions without any harmful implications for safety and soundness or consumer protection, as soon as possible.

If NASCUS can be of any assistance on this or any issue, please don't hesitate to reach out to me directly, or to our Regulatory and Public Policy Counsel, Sabrina Bergen, at (703) 528-0669.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lucy Ito".

Lucy Ito
President & CEO

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs