



June 18, 2021

The Honorable Todd M. Harper, Chairman
The Honorable Kyle S. Hauptman, Vice Chairman
The Honorable Rodney E. Hood, Board Member
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Statutory Authority to Allow the NCUA to Provide Capital Relief

Dear Chairman Harper, Vice Chairman Hauptman, and Board Member Hood:

On behalf of America's credit unions, we are writing to the National Credit Union Administration (NCUA) Board to encourage it to pursue additional tools to aid credit unions facing prompt corrective action (PCA) and other capital challenges. The Credit Union National Association (CUNA) and our league partners represent America's credit unions and their more than 120 million members from all 50 states and the District of Columbia.

First, we would like to acknowledge the recent interim final rule that provides two temporary changes to the NCUA's PCA regulations to help ensure that credit unions remain operational and liquid during the COVID-19 pandemic.¹ In March, we sent a letter² urging you to extend the provisions included in the 2020 interim final rule that provided PCA flexibility. We appreciate the Board's responsiveness to our request. As such, we support the PCA interim final rule adopted in March of this year.

However, this crisis has exposed what has been clear for a long time: NCUA lacks the statutory flexibility it needs to help credit unions navigate certain capital situations induced by natural disasters, public health crises, other emergencies, and the governmental responses thereto.

While credit unions entered the crisis extremely well-capitalized, the impact of the ensuing economic crisis has and will put stress on capital. Among other things, credit union capital levels have been impacted by much needed economic assistance sent by the government to consumers through credit unions and other financial institutions. These payments, in many cases, have been deposited into credit union accounts and have presented downward pressure on otherwise healthy capital levels.

NCUA should have the tools to accommodate and assist credit unions facing PCA solely because of temporary circumstances caused by a crisis or the government's response thereto, but that is not the case. In fact, the rigid requirements and prohibitions regarding PCA in section 1790d of the Federal Credit

¹ 86 Fed. Reg. 20,258 (Apr. 19, 2021).

² CUNA/AACUL Letter to NCUA Board re PCA Relief (Mar. 19, 2021), *available at* https://www.cuna.org/uploadedFiles/Advocacy/Actions/Comment_Calls,_Letters_and_Testimonies/2021/Letters/0319_21_CUNA-League%20Letter%20to%20NCUA%20Board.pdf.

Union Act severely hamper the agency's ability to assist credit unions, and by extension hinder credit unions' ability to improve their members' financial well-being and advance the communities they serve.³

That is why, last July, as Congress considered additional pandemic recovery legislation, we encouraged the Senate Banking Committee to include language to provide temporary flexibility to the NCUA to offer forbearance from PCA for credit unions impacted by the pandemic that were otherwise healthy prior to the onset of the crisis.⁴ While such language ultimately was not adopted, we believe it is critical that Congress provide the agency additional authority to adjust capital requirements or forbear prompt corrective action for credit unions impacted by the current crisis and future crises.

Therefore, we urge the NCUA to actively engage Congress to pursue changes to section 1790d of the Federal Credit Union Act to provide the Board with additional tools to aid otherwise healthy credit unions that encounter crisis-induced PCA challenges.

On behalf of America's credit unions and their more than 120 million members, thank you for your leadership during these difficult times.

Sincerely,

Credit Union National Association
American Association of Credit Union Leagues
Alaska Credit Union League
Association of Vermont Credit Unions
California and Nevada Credit Union Leagues
Carolinas Credit Union League
Cooperative Credit Union Association
Cornerstone Credit Union League
Credit Union Association of New Mexico
Dakotas Credit Union Association
CrossState Credit Union Association
Hawaii Credit Union League
Heartland Credit Union Association
Illinois Credit Union System
Indiana Credit Union League
Iowa Credit Union League
Kentucky Credit Union League
League of Southeastern Credit Unions

Louisiana Credit Union League
Maine Credit Union League
Maryland & DC Credit Union Association
Michigan Credit Union League
Minnesota Credit Union Network
Mississippi Credit Union Association
Montana's Credit Unions
Mountain West Credit Union Association
Nebraska Credit Union League and Affiliates
New York Credit Union Association
Northwest Credit Union Association
Ohio Credit Union League
Tennessee Credit Union League
The Credit Union League of Connecticut Inc
Utah Credit Union Association
Virginia Credit Union League
West Virginia Credit Union League
Wisconsin Credit Union League

³ 12 U.S.C. § 1790d.

⁴ CUNA Letter to Senate Banking Committee re Capital Flexibility (July 24, 2020), *available at* [https://www.cuna.org/uploadedFiles/Advocacy/Actions/Comment_Calls,_Letters_and_Testimonies/2020/Comment_Letters/PCA%20Flexibility%20-%20CUNA%20-%2020200724%20\(2\).pdf](https://www.cuna.org/uploadedFiles/Advocacy/Actions/Comment_Calls,_Letters_and_Testimonies/2020/Comment_Letters/PCA%20Flexibility%20-%20CUNA%20-%2020200724%20(2).pdf).