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Why lending money just got easier for credit unions

The Economic Growth, Regulatory Relief, and Consumer Protection Act allows credit unions to make more loans to homeowners and small businesses, writes Troy Stang, CEO of the Northwest Credit Union Association

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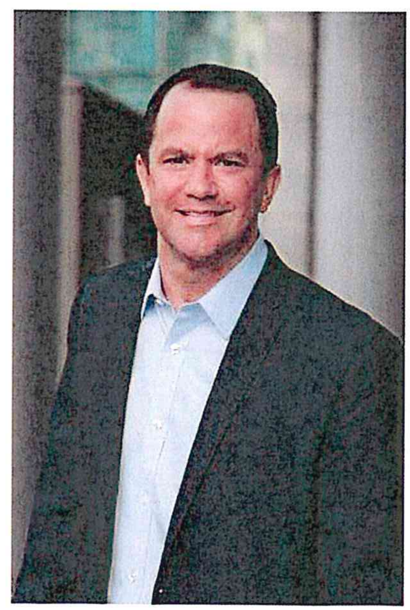
Oregon's 59 credit unions help to keep the economy humming.



Nearly half of Oregon's population – approximately two million consumers – have made the choice to belong to cooperative, not-for-profit credit unions. Nearly 6,000 employees are protecting $22 billion of those members' financial assets. Members count on their credit unions for reasonable rates on their credit cards, and affordable loans on homes, cars, and small businesses.

Following the Great Recession, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. Those comprehensive regulations were never intended for local financial institutions like credit unions, but the unanticipated impacts of the legislation nevertheless ensnarled them in a web of time-consuming and costly red tape.

Fortunately, Congress took reasonable action, passing the Economic Growth, Regulatory Relief, and Consumer Protection Act – S.2155 – on May 22. Sen. Mike Crapo (R-ID) introduced this bill, which passed in both chambers with bipartisan support because it makes sense for Main Street. President Trump signed the bill into law two days later.

The law will benefit consumers by streamlining the mortgage process. While still holding financial institutions accountable to grant loans to qualified buyers, S.2155 will reduce onerous hours of paperwork for credit unions trying to process loans on their members' dream homes. For some home loans in rural areas, the often long-delayed appraisal process will be expedited. The new law will eliminate a three-day waiting period for homebuyers who receive amended mortgage disclosures resulting in a lower interest rate.

Sen. Ron Wyden (D-OR) introduced one of the most notable provisions of S.2155. It will correctly classify loans on certain non-owner occupied rental units as real estate loans. This could allow Oregon credit unions to reinvest approximately $264 million in additional loans to small businesses.

In addition, credit union professionals are properly trained to spot potential financial exploitation of their elderly members by caregivers, relatives or others. Red tape has prevented them from reporting their suspicions to authorities, but the new law addresses that.

Let us be clear: S.2155 keeps critical restrictions on Wall Street intact. It also does not interfere with regulatory agencies such as the Consumer Financial Protection Bureau. What this legislation will do, is peel away unnecessary regulatory restrictions on local credit unions – the very lenders empowering Oregon's economy. We're grateful to Congress for putting politics aside for Main Street, and specifically to Oregon Representatives Greg Walden and Kurt Schrader for supporting it, and for standing up for credit unions and their members.