



Sen. Crapo's banking reform bill helped credit unions serve Idaho communities | Opinion – May 8, 2023

As not-for-profit cooperative financial services providers, the 45 credit unions serving Idaho take very seriously their “people helping people” mission, and that’s why 1.3 million Idahoans — 66% of the Gem State’s population — trust credit unions as their preferred financial partners.

Every day on Main Street, from Twin Falls to Weiser, from Pocatello to Nampa, consumers seamlessly get the services from credit unions they expect, need, and deserve — from access to capital that helps them open small businesses to loans that help them buy their dream homes, get car loans, free financial education, and more. They may not be aware of exactly how right-sizing regulation and legislation makes all of this possible — but it does.

The Economic Growth, Regulatory Relief and Consumer Protection Act (S.2155) is a case in point. This landmark bill passed Congress and became law in 2018, thanks in large part to the leadership of Idaho Sen. Mike Crapo.

Here is what Congress understood when it passed this legislation, on a bi-partisan basis: that credit unions’ member-owned structure already inherently holds them accountable to the people and communities they serve as well as to the state and federal regulators that oversee them, and they should not be subjected to the one-size fits all federal legislation intended to keep big, for-profit financial institutions in line.

Idaho credit unions don’t operate like large, Wall Street-minded financial institutions, and they’re not focused on serving high-risk sectors of our economy. They serve you. As locally operated financial institutions, credit unions’ guiding principle is to make decisions that are in the best financial interests of their members. Every service offered is with your family, your farm or your small business in mind. We value our role as the trusted stewards of your finances, and we’ve been able to reach higher service levels because of S.2155, and the work of leaders like Senator Crapo.

Most notably, this law is helping more Idahoans achieve their home ownership dreams. For example, it allowed Lewison-based P1FCU to facilitate a home loan for a disabled veteran. He had ample verifiable income from both his disability and his post-service employment to qualify for the loan, but due to specific provisions regarding what was allowable proof of that income for both conforming and VA lending prior to passage of the legislation, the credit union would not have been able to count his employment income. Thanks to S.2155, P1FCU was able to support this service member and his young family in the purchase of his home.

Moreover, before the bill passed, some credit union home loans had to be recorded in credit union portfolios as business loans, and the amount of business lending possible by credit unions is arbitrarily capped by outdated federal law. That put credit unions in the unfortunate position of not being able to grant as many home or business loans as their members would have liked. The new law addressed that problem, and quite literally, opened the front door to many families' dream homes. S.2155 also made minor changes to mortgage laws that made a big difference for buyers of modest means, because it allows credit unions to consider granting loans to such buyers, and in some cases, even made a lower interest rate possible.

There were other direct benefits to consumers. The law now allows some homebuyers to choose whether they want to pay additional costs to have escrow accounts, allows them to opt out of the expense of an appraisal if the property value is easily determinable, and expands the opportunity for borrowers to challenge misinformation on credit reports, that, once resolved, could result in lower monthly payments.

There are countless cases where S.2155 has helped credit unions to better serve Idahoans. For all of this, we thank Sen. Crapo.

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