



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
f: 703.524.1082
nafcu@nafcu.org | nafcu.org

National Association of Federally-Insured Credit Unions

December 19, 2022

Viraj Parikh
Senior Advisor
U.S. Department of the Treasury
Office of Recovery Programs
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

RE: Request for Information Regarding Opportunities and Challenges in Federal Community Investment Programs (Docket No. 2022-21524)

Dear Mr. Parikh:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in response to the Department of the Treasury (Treasury), Small Business Administration (SBA), Department of Commerce (Commerce), Department of Transportation (DOT), Department of Housing and Urban Development (HUD), and Department of Agriculture's (USDA) (collectively, the Agencies) notice and request for information (RFI) regarding opportunities and challenges in federal community investment programs. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 133 million consumers with personal and small business financial service products. NAFCU applauds the Biden-Harris Administration for forming the Interagency Community Investment Committee (ICIC) to focus on federal programs that facilitate the flow of capital and the provision of financial resources into historically underserved communities. NAFCU appreciates the opportunity to comment on this RFI and recommends simplifying and streamlining the applications for grants and certifications. Additionally, NAFCU recommends that the Agencies report on philanthropic efforts by the private sector, collaborate with other federal agencies, and publicly report on the philanthropic efforts of private entities.

Underserved Communities

The underutilization of government incentives and programs by underserved communities can be primarily attributed to poor communication and the widespread perception that these tools are difficult to access. The programs that get the most media attention are the only ones that most American communities are aware of and consequently the programs that get the most use. The Agencies should work to make information about their programs available to underserved communities in formats that are easily accessible and easily understandable. They should also ensure that the distribution of this information is widespread and frequent. At a minimum, this would require streamlined applications, minimal amounts of paperwork (all also accessible

digitally), and the use of technology (to, among other things, disseminate information and collect and analyze relevant data) to create an efficient system.

Credit unions provide an ideal solution to the problems present in the communication and ease of use of government programs. Credit unions' structure as not-for-profit, member-owned cooperatives allows them to act as a mechanism for the quick dissemination of information to entire communities. Credit unions derive their members from distinct geographic communities, groups of employees, members of associations, or combinations of these groups. They act as sources of financial knowledge and can work in partnership with the federal government to ensure that their members have accurate and timely information about the financial resources available to them.

Credit unions also have the potential to act as intermediaries in the allocation of funds. This capability was best exemplified by the Paycheck Protection Program (PPP) in which credit unions quickly adapted to Small Business Administration and Treasury guidance and helped their members access and navigate the loan process. If credit unions and their staff are provided with straightforward guidance and training on the incentives or programs, their members would have a trusted and reliable contact within their community to go to when they need assistance navigating the incentives or programs.

NAFCU agrees with the Agencies that "community financial institutions play a critical role in providing safe, affordable capital and financial services to historically underserved communities." In order to help facilitate this role for community financial institutions, NAFCU recommends making the CDFI certification application and the process for applying for other grants simpler and more streamlined for applicants.¹ NAFCU's members have reported that difficult processes deter many credit unions from taking advantage of and using the programs that will allow them to better serve underserved communities. Members have reported that they would rather do the work privately because it would be less costly than applying for funds or a certification in order to receive funds.

A NAFCU member reported that although it is not a CDFI, it has pooled resources with other credit unions in its area for donations to minority- and women-owned businesses. This collaboration allowed the credit unions to gather and leverage smaller contributions to make a much bigger, more meaningful contribution to multiple businesses. NAFCU recommends that the Agencies report on these philanthropic contributions to underserved communities to encourage other entities to do the same and make communities aware of their available resources.

¹ NAFCU. Request for Comment Regarding CDFI Certification Application (December 5, 2022). https://www.nafcu.org/system/files/files/12.5.2022%20Letter%20to%20Treasury%20re%20CDFI%20Certification%20Standards_0.pdf

Agency Coordination

NAFCU encourages the Agencies to coordinate with other federal agencies to jointly facilitate stronger outcomes about reducing racial economic disparities, improving financial security and economic mobility, and generating broadly shared economic opportunity. If all agencies are on the same page, it will allow for faster outcomes in closing the racial wealth gap. All federal agencies will be able to compare data and analyze what has or hasn't worked as it relates to community investment programs. For example, the National Credit Union Administration and the CDFI Fund worked together to develop a streamlined application process to assist qualifying credit unions in applying for certification as a CDFI. This process was very helpful to credit unions and has since been discontinued in anticipation of the CDFI Fund's new certification requirements, but it proved that federal agencies can work together to help underserved communities. There are numerous other examples of federal agency coordination, such as the Federal Financial Institutions Examination Council (FFIEC) which helps federal agencies coordinate to share knowledge and provide consistency in examination processes, procedures, and expectations across the banking industry. NAFCU recommends that the Agencies form a task force comprising the banking agencies that focuses on community investment programs.

Another way to facilitate federal agency coordination is through the support of credit unions' efforts to obtain funds through the Greenhouse Gas Reduction (GHGR) Fund to support projects that reduce greenhouse gas emissions and air pollution in low-income and disadvantaged communities. The GHGR Fund was established under the Inflation Reduction Act of 2022 to provide grants for zero-emission technologies, and financial and technical assistance for projects to reduce greenhouse gas emissions and other air pollution. Although credit unions are not eligible for direct investment from the GHGR Fund, they can obtain funding as indirect recipients and are better and more quickly able to carry out the goal of the GHGR Fund and meet the needs of their communities.

Credit unions already serve many low-income and disadvantaged communities across the country, are sophisticated lenders with strong underwriting practices and are committed to helping support their members' efforts to fight the impacts of climate change as many credit unions offer green loans and support energy efficiency projects in their communities. Credit unions are also highly regulated, federally- and state-supervised financial institutions that put people over profits because they are established as not-for-profit, member-owned cooperatives. Accordingly, community lenders like credit unions are best positioned to assist the EPA in achieving the statutory mission of the GHGR Fund grant program. NAFCU recommends that the Agencies support credit unions in urging the EPA to reject the idea of a single, national green bank recipient of these funds and instead rely on existing community-based lenders like credit unions to effectively execute the intent of the GHGR Fund.

U.S. Department of the Treasury

December 19, 2022

Page 4 of 4

Conclusion

NAFCU thanks the Agencies for the opportunity to comment on this RFI and recommends that the Agencies coordinate and communicate with all stakeholders including other federal agencies, private philanthropic investors, and underserved communities, in order to provide greater access to these community investment programs. Should you have any questions or require additional information, please do not hesitate to contact me at (703) 842-2268 or amoore@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Moore', with a stylized flourish at the end.

Aminah Moore

Senior Regulatory Affairs Counsel