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**National Association of Federally-Insured Credit Unions**

February 25, 2019

The Honorable Mike Quigley  
Chairman  
Subcommittee on Financial Services &  
General Government  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Tom Graves  
Ranking Member  
Subcommittee on Financial Services &  
General Government  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

**RE: The Importance of the Community Development Financial Institutions Program**

Dear Chairman Quigley and Ranking Member Graves:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's hearing entitled: "Leveraging Private Capital for Underserved Communities and Individuals: A Look Into Community Development Financial Institutions (CDFIs)." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 115 million consumers with personal and small business financial service products.

As of November 30, 2018, there were 285 credit unions certified as CDFIs. Representing approximately 27 percent of the total number of certified institutions, CDFI-certified credit unions hold more than 50 percent of total CDFI assets. Clearly, CDFI credit unions are critical partners in the CDFI Fund's mission. In recognition of this importance, and in exploring ways to enable even more credit unions to be recognized as CDFIs, the National Credit Union Administration (NCUA), CDFI Fund and Treasury entered into a trilateral Memorandum of Understanding (MOU) in January 2016. A significant component of the MOU included the introduction of a streamlined CDFI application for credit unions, paving the path for more credit unions to seek the designation.

Because they are not-for-profit, cooperative financial institutions, credit unions are focused on providing financial services that are in the best interest of their members. Since CDFI credit unions predominantly serve low-income areas and other target markets, CDFI credit unions are often the only financial services option for consumers that live paycheck to paycheck. The CDFI Fund grant program helps credit unions serve communities and consumers that large banks do not focus on.

Additionally, because many credit unions cannot raise funds from the capital markets, access to the CDFI Fund grant program is an incentive for credit unions to obtain certification. The grants provided by the Fund are an invaluable resource that aids CDFI credit unions in providing financial services to millions of credit union members. Without these grant funds, thousands of consumers

could find themselves without credit union products, such as small dollar loans, credit builder programs, and access to financial education.

Over the past two years, CDFI credit unions received roughly \$70 million in grant funding to aid in their efforts to offer financial services to their low- and moderate-income members. Without the CDFI Fund grant program, many CDFI credit unions would not have been able offer new products and loans that provide financial stability for members and their families. The CDFI program is important for credit unions, and we urge the Subcommittee to continue to support full funding for the program.

We thank you for your important work. Should you have any questions or require any additional information, please do not hesitate to contact me or NAFCU's Associate Director of Legislative Affairs Alex Gleason at (703) 842-2237 or [agleason@nafcu.org](mailto:agleason@nafcu.org).

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Subcommittee on Financial Services and General Government