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National Association of Federally-Insured Credit Unions

April 23, 2019

The Honorable James Inhofe
Chairman
Senate Armed Services Committee
228 Russell Senate Building
Washington, D.C. 20510

The Honorable Adam Smith
Chairman
House Armed Services Committee
2216 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jack Reed
Ranking Member
Senate Armed Services Committee
228 Russell Senate Building
Washington, D.C. 20510

The Honorable Mac Thornberry
Ranking Member
House Armed Services Committee
2216 Rayburn House Office Building
Washington, D.C. 20515

Re: Bank leases on military installations

Dear Chairman Inhofe, Chairman Smith, Ranking Member Reed and Ranking Member Thornberry:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) regarding potential legislation that would require the Department of Defense (DoD) to allow all banks to operate rent-free on military installations. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 116 million consumers with personal and small business financial service products. A number of our members are defense credit unions serving our nation's men and women in the armed forces.

As you are aware, through a years-long series of discussions with DoD, and through the enactment of an amendment to the *Federal Credit Union Act* in 2006, DoD has the discretionary authority to afford space on military bases at a nominal rate to credit unions provided that they meet certain statutory and regulatory requirements regarding the provision of financial services in the on-base facility. It is important to note that while DoD has chosen to do so for credit unions, they are not required to do so. An amendment proposed in the last Congress as part of the *John S. McCain National Defense Authorization Act for Fiscal Year 2019* would have required DoD to provide banks rent-free leases on military installations. We thank you for not ultimately including this language in the final bill.

NAFCU recognizes the important role both credit unions and banks can play for our men and women in the military in the provision of traditional financial services and in protecting our troops from predatory lenders. However, we remain concerned that any language providing "free rent" for banks on military installations would go well beyond the authority provided to DoD regarding credit union leases, and would disadvantage credit unions. Like banks, many credit unions have

also left bases in the past 10 years – even with the nominal lease provision. This issue is a complex one. Many parties beyond just banks could be impacted by such an amendment, including the DoD and credit unions. We would urge you to gauge the full impact of any specific statutory language the banks may seek on bank leases prior to supporting legislation. All of the affected parties need to agree on a path forward that is truly in the best interest of our armed forces.

On behalf of our nation's credit unions and their more than 116 million members, we thank you for your attention to this important matter. Should you have any questions or require any additional information, please contact me or Alex Gleason, NAFCU's Associate Director of Legislative Affairs, at 703-842-2237 or agleason@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Thaler', with a long horizontal flourish extending to the right.

Brad Thaler
Vice President of Legislative Affairs