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National Association of Federally-Insured Credit Unions

May 14, 2020

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing
& Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing
& Urban Affairs
United States Senate
Washington, DC 20510

Re: NCUA and Financial Inclusion

Dear Chairman Crapo and Ranking Member Brown:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to respond to recent attacks by banking trade groups on the National Credit Union Administration's (NCUA) recent announcement that it will include members of the U.S. military without a street address into the calculation for a credit union to be designated as a low-income credit union. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 120 million consumers with personal and small business financial service products.

As the country faces a period of financial uncertainty, the NCUA's decision is an important step toward promoting financial inclusion that fits with the goals of the low-income designation for credit unions. Under the prior policy, members of the military with physical street addresses would be included in the NCUA's income assessment tool, but those with Army/Air Post Office (APO) or Fleet Post Office (FPO) mailing addresses were not. The NCUA's decision to use APO and FPO addresses in their evaluation will ensure those in the military, who are often younger, starting out in their careers, frequently mobile, and can be targets for unscrupulous predatory lenders, will be included in the calculation of those who may need access to additional services, similarly to how students are now included.

It is disappointing that banking trade groups, in their efforts to stifle competition and maximize profits, would oppose efforts to maximize financial assistance for these vulnerable individuals during the current public health and economic crises. This is the same banking industry that just saw its two most profitable years in history in 2018 and 2019. While banking trades choose to attack efforts to do more to help our nation's military members during these uncertain times, credit unions will continue their focus on providing the best products and services to American consumers. We hope that the banks will refocus their efforts and do the same.

Credit unions remain committed to financial inclusion and helping their members overcome challenges posed by the COVID-19 pandemic. Credit unions, as member-owned, community-based institutions, are keenly aware of the hardships their members and communities are facing due to the COVID-19 pandemic and are working around the clock to proactively assist them. Many

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credit unions have implemented programs to protect their members' financial health, including skipping payments without penalty, waiving fees, low or no-interest loans, loan modifications and no interest accruals.

The NCUA, through recent actions and the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), has taken important steps to help in this effort. However, as we wrote to you earlier this week, and NCUA Chairman Hood testified before the Committee, we reiterate our ask for Congress to do more in future relief efforts including:

- Allowing all credit unions to add underserved areas to their fields of membership;
- Providing additional funding and support for the Community Development Financial Institutions (CDFI) Fund and NCUA's Community Development Revolving Loan Fund (CDRLF);
- Making the changes to the Central Liquidity Facility (CLF) in the CARES Act permanent in the next relief package;
- Providing temporary capital and prompt corrective action (PCA) flexibility on par with what community banks got in the CARES Act;
- Providing temporary member business lending (MBL) cap relief; and
- Extending credit union loan maturity limits.

We thank you for your continued leadership and the opportunity to set the record straight. NAFCU looks forward to continuing to work with the Committee to balance minimizing regulatory burden with enhancing the safety and soundness of the credit union system. Should you have any questions or require any additional information, please contact me or Janelle Relfe, NAFCU's Associate Director of Legislative Affairs, at 703-842-2836.

Sincerely,



Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Senate Banking Committee