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National Association of Federally-Insured Credit Unions

June 18, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles E. Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

Re: Oppose NDAA provision regarding bank leases on military installations

Dear Leader McConnell and Leader Schumer:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) regarding section 2821 of S. 1790, the National Defense Authorization Act (NDAA) for Fiscal Year 2020, which would require the Department of Defense (DoD) to treat banks and credit unions on military installations the same when it comes to leases. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 117 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. We urge you to strike section 2821 from the NDAA.

As you are aware, through a years-long series of discussions with the DoD, and through the enactment of an amendment to the *Federal Credit Union Act* in 2006, the 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. The proposed section 2821 could essentially require that the DoD treat Wells Fargo the same as a military installation's local not-for-profit defense credit union when it comes to rent on military bases. A long track record of consumer abuses aside, Wells Fargo's annual gross profit for 2018 was \$86 billion according to news reports.

It is important to note that while the DoD has chosen to afford space on military bases at a nominal rate to credit unions, they are not required to do so. The DoD, like many others, recognizes the value that credit unions bring to our men and women in uniform, in good times and bad. For example, during the partial government shutdown earlier this year, many credit unions offered programs to assist those impacted by a lack of a paycheck, while other financial institutions did little or nothing.

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 efforts to provide "free rent" for banks on military installations are missing the mark, 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 prior to supporting any such provision. All of the affected parties need to agree on a path forward that is truly in the best interest of our nation's armed forces.

On behalf of our nation's credit unions and their more than 117 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 Janelle Relfe, NAFCU's Associate Director of Legislative Affairs, at 703-842-2237.

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the United States Senate