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National Association of Federally-Insured Credit Unions

July 19, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Re: Floor Consideration of H.R. 8294 – Transportation, Housing and Urban Development, Agriculture, Rural Development, Energy and Water Development, Financial Services and General Government, Interior, Environment, Military Construction, and Veterans Affairs Appropriations Act, 2023

Dear Speaker Pelosi and Leader McCarthy:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) regarding floor consideration of H.R. 8294, the *Transportation, Housing and Urban Development, Agriculture, Rural Development, Energy and Water Development, Financial Services and General Government (FSGG), Interior, Environment, Military Construction, and Veterans Affairs Appropriations Act, 2023*. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve more than 131 million consumers with personal and small business financial service products. NAFCU appreciates your work to ensure government funding for FY 2023, and we would like to take this opportunity to express the views of our members.

NAFCU has previously communicated its support for increased funding for the Community Development Financial Institutions (CDFI) Fund and the Community Development Revolving Loan Fund (CDRLF). We were encouraged by the Appropriations Committee funding the CDFI Fund at \$336.4 million and the CDRLF at \$4 million. This would provide the resources needed to keep these important programs properly functioning. These programs have proven to be an invaluable means of providing financial services to underserved areas and demonstrated their worth during the pandemic. Congress has already recognized their worth in previous coronavirus response legislation, and we thank you for your continued commitment to these important institutions.

NAFCU would also like to bring to your attention issues several of our members have told us they are having with the CDFI Fund. First, a number of credit unions have reported long delays stemming over 12 months to respond to their applications for certification. Additionally, several of our members have told us they have been deemed to no longer qualify for the CDFI Fund, and have subsequently lost their status as a CDFI, without any chance to take remedial action and re-qualify. One credit union recently had this issue and was forced to re-evaluate its entire operating model as it had planned on being a CDFI for the long term. Finally, we have also learned that the CDFI Fund is making changes to the certification process that will likely make it more difficult for

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small and minority depository institution (MDI) credit unions to become certified. This would seem to be contrary to the steps Congress is taking to try to expand the use of CDFIs to help communities in need. We encourage you to examine this issue and urge the CDFI Fund to address these concerns, such as instituting a cure period for CDFIs that are in danger of losing certification and directing the CDFI Fund and functional regulators, such as the National Credit Union Administration (NCUA), to work more closely to reduce burdens on CDFI institutions.

We thank you for the opportunity to share our thoughts in advance of House consideration of this package. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Associate Director of Legislative Affairs, at 703-842-2261.

Sincerely,

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

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the U.S. House of Representatives