



June 7, 2022

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

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

**Re: Markup of FY2023 National Defense Authorization Act**

Dear Chairman Smith and Ranking Member Rogers:


As the House begins its markup of the FY2023 National Defense Authorization Act, we offer the attached one-pager to highlight our concerns and positions with respect to any banking lobby amendments on DoD land leases. It is outrageous that large banks such as Wells Fargo and Bank of America, who regularly earn billions in profits, would expect DoD to treat them the same as credit unions when it comes to leases. We thank the committee for recognizing the differences between banks and credit unions.

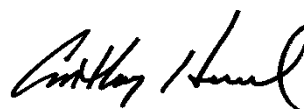
While banks argue for “parity” on this issue, the fact is that banks already can obtain leases at a nominal cost. Under the Military Leasing Act, 10 USC §2667, banks can demonstrate to DoD how they would use their lease to serve and provide value to the men and women of the base. However, banks still have not exercised this authority. We believe last year’s HASC-directed DoD study will demonstrate this fact along with the many choices servicemembers have in finding and selecting a trusted financial institution.


However, rather than seeking a productive solution available to them under current law, the bank lobby chooses to target their long-time nemesis credit unions in the process. As such, it is our hope the House Armed Services Committee will reject the inclusion of this provision in the NDAA should it surface once again this year.

Defense credit unions do not fear competition from banks, especially on base, as there can be an important role for both institutions to play. But credit unions simply put our members first—ahead of profit. If banks want to be treated like credit unions, they need to start acting like them. Equal treatment needs to focus on service, structure and ethos, not increasing the bank’s profit sustainability. Our servicemembers deserve more!

Sincerely,

  
Jim Nussle  
President and CEO  
CUNA

  
Anthony Hernandez  
President and CEO  
DCUC

  
Dan Berger  
President and CEO  
NAFCU

cc: Members of the House Committee on Armed Services

## **Credit Union Industry Talking Points On 2023 NDAA**

- After years of negotiation with the Department of Defense and through amendment of the Federal Credit Union Act in 2006, Credit Unions - at the discretion of the base commander - *may* be exempted from the costs associated with leases, utilities, and ATM placement on military installations.
- This exemption is not guaranteed for every credit union on every military base. It is a negotiation between the base commander and that specific credit union.
- Banks already have the ability via 10 USC §2667 to obtain the same type of waiver for rent. However, banks have not exercised this clause.
- This exemption is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space or the facility built on the lease land is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families.
- Credit Unions are the only democratically-controlled, not-for-profit option in Financial Services with a mission to promote thrift and provide credit. Credit unions are focused on ensuring the financial readiness of our service members.
- In return, credit unions can continually provide mission essential cash for deployments and daily federal deposit services in addition to quality financial products and services for servicemembers and their families. Finally, credit unions can provide stronger community support in the face of morale, recreation and welfare funding shortfalls as credit unions remain the only not-for-profit, member-owned financial institutions on the installation.
- Unlike commercial and community banks, savings from this discretionary waiver are directly passed on to the members and their military communities as there are no third-party dividends to stockholders limiting this support.
- Credit Unions would also be extraordinarily concerned with the inclusion of any language that would provide rent free access to military institutions for more complex profit-centered entities such as predatory payday lenders and currently restricted insurance and investment companies.
- The recent bank “exodus” has more to do with profit and loss than serving the military. Even as banks elect to abandon our military, credit unions can provide the full scope and low costs of financial services leaving neither the installation nor its servicemembers deprived.
- Furthermore, if one for-profit entity is given access, the flood gates open allowing other for-profit entities to lobby for the same treatment, spanning from defense contractors all the way down to convenience stores.
- We would urge the House and Senate Armed Services Committees to reject the inclusion of any language that would go beyond the Department of Defense’s current authority as it relates to exemptions from the costs of on-base leases, utilities, and services.