



# Defense Credit Union Council, Inc.

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**Roland A. Arteaga**  
President/CEO

February 15, 2008

Ms Leslie Arsht  
Deputy Under Secretary of Defense  
(Military Community & Family Policy)  
4000 Defense Pentagon  
Washington, DC 20301- 4000

Dear Ms Arsht:

Thank you for your letter of January 2008 asking our opinion on the impact of the Department's Final Rule and whether additional financial products should be added to further curb predatory lending practices. As the primary trade association who represents the interests of both federal and state chartered credit unions at the Pentagon, we welcome the opportunity to provide additional comments to those offered with our sister trade association, the Credit Union National Association.

Defense credit unions have been supporting the Department of Defense since 1928, and in so doing, they have developed a special relationship with DoD. This special relationship did not come lightly, but was earned and built through trust and confidence. Trust to maintain the moral high ground and always do the right thing, and confidence that the financial products and services offered are the best in class.

It is this special relationship...this trust and confidence that distinguishes DCUC credit unions as valued members of the DoD team, and assures DoD that its personnel and their families will always receive the finest of financial support. "Serving those who serve our country" is not simply a motto for our members, it is a way of life; it is a culture that speaks volumes to loyalty, commitment, and character.

As can easily be attested by our "Standards of Service," (attached) our members have resolved to provide financial services for our troops in the finest traditions of the credit union philosophy. They have vowed to encourage thrift and the wise use of credit; to extend services to their members without discrimination; to offer intelligent, sound financial guidance and advice to their members, knowing that financial fitness contributes to defense effectiveness. They pledged to assist and support commands in morale and

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welfare matters within their capabilities; establish and maintain sound, cooperative-working relationships with commanders; observe applicable laws and regulations and pursue improvement through established procedures and channels; to hold integrity, unselfishness and understanding as essential dimensions of character, necessary for optimum service to defense credit union members; to support the Defense establishment in its objective of providing a sound, adequate defense to our nation; and to serve with dedication and integrity. Those standards were adopted and approved by our membership in 1980, and today, nearly thirty years later, they still apply.

With that as a backdrop, while we strongly support your intent to curtail predatory lending, we do not believe an expansion of the Final Rule is necessary. Feedback to date suggests that the three predatory lending products addressed in October 2007---- closed-end payday loans, vehicle title loans and Refund Anticipation Loans (RALs) --- have contributed to curtailing predatory lending around military communities. Further regulation of products and services would run the risk of creating unintended consequences for our members and could, in effect, reduce some of the legitimate products and services offered to our troops and their families.

In lieu of adding more products and services to the final rule, let's focus on financial education. Collectively, let's ensure our military personnel and their families understand the basics of financial management and become more consumer savvy. Together let's teach financial responsibility and accountability and pursue a solution that will help our troops take control of their own financial destiny.

As you know, current DoD directives and regulations mandate that your on-base financial institutions provide free financial education training. Rest assured, we have provided such training in the past and are ready and prepared to do so in the future...ready to assist and support your Personal Financial Managers and Command Financial Specialists at the field level; and prepared to support your educational efforts at the departmental level.

As an example of our support, this past October, the Under Secretary of Defense (P&R) in his letter promoting the 2008 Military Saves Campaign asked on-base financial institutions to take the Financial Readiness campaign one step further. The Honorable Dr. David Chu requested our assistance to help educate military children and youth.

We acknowledged Dr. Chu's request, and notwithstanding the assortment of educational resources our members already have for children and youth, based on his request, we took the initiative and recently provided a copy of CU4 Realty to each of our active members (copy enclosed). CU4 Realty is a youth financial education program developed by America's Credit Union Museum that targets seventh and eighth graders, but is also applicable to high school students and young adults. In addition to providing classroom instruction, this program has a "hands-on" component unlike any other. The financial

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fair, which is an integral part of the program, brings to reality the benefits and consequences of financial management and puts into perspective the financial decisions faced by young adults. We requested our members consider using CU4 Realty and working with their military communities and educators to further promote financial education among military children and youth.

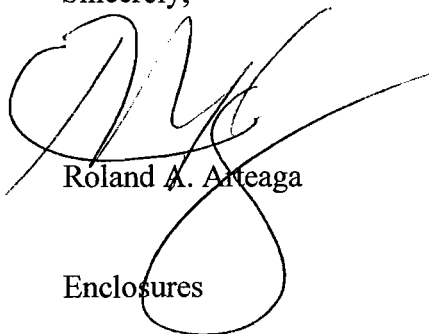
In addition, and as an endorsement of our pledge to “turn up the heat” on financial readiness and education, this past month, we sponsored the Better Business Bureau (BBB) Military Line and pledged to support efforts to provide consumer education and advocacy for military consumers and their families.

Such proactive educational measures, coupled with savings are the answer to combating predatory lending. Alternative products (such as those attached...and those offered by the Military Aid societies) may be needed, and as such, we will continue to encourage our members to develop and offer these products. However, in our opinion, financial education is the key...and we should focus our efforts accordingly.

Our history speaks for itself. In eighty years of serving the Department of Defense, not once have our members been called to task or suspended from the base; never once have they been “terminated for cause.” Trustworthy and committed; responsive and supportive...our members have always held themselves to a higher standard and served with the utmost integrity and responsibility. Rest assured, going forward, this level of support will not fade; it is the bedrock and foundation of our success...and that of our troops and their families!

Thank you again for the opportunity to respond. As one of your staunchest supporters and partners, we look forward to working with you and your staff to promote what we see to be the major components of financial readiness --- financial education and military saves.

Sincerely,



Roland A. Arteaga

Enclosures