



Credit Union National Association

[cuna.org](http://cuna.org)

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**Roland A. Arteaga**  
President & CEO

February 15, 2008

Ms. Leslie Arsht  
Deputy Under Secretary of Defense  
Military Community and Family Policy  
4000 Defense Pentagon  
Washington, DC 20301-4000

Re: Department of Defense Rules Implementing the Consumer Credit Provisions of the John Warner 2007 National Defense Authorization Act.

Dear Ms. Arsht:

The Credit Union National Association (CUNA) and the Defense Credit Union Council (DCUC) appreciate the opportunity to comment on the recent final rule issued by the Department of Defense (DoD) that implements the consumer credit provision of the John Warner 2007 National Defense Authorization Act (Act). By way of background, CUNA represents approximately 90 percent of our nation's 8,300 state and federal credit unions, which serve over 88 million members. DCUC represents 245 military affiliated credit unions, the vast majority of whom operate on military bases worldwide and are also members of CUNA, and all of whom support the military and civilian personnel of the Department of Defense.

Both CUNA and DCUC generally support the DoD rule, which became effective as of October 1, 2007, and is intended to target specific predatory lending practices that have been the most harmful to military service members and their families. In our view, this objective has been accomplished primarily by limiting the impact of the rule to those creditors that offer payday loans, vehicle title loans, and refund anticipation loans (RALs). Although credit unions may offer products to meet the needs of borrowers who would otherwise be forced to use unscrupulous lenders, credit unions provide their products as alternatives to the abusive credit products and practices that are offered by predatory lenders.



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We are very pleased that the rule targets these predatory lenders not only because it is intended to address various forms of abusive lending practices that have been prevalent in military communities, but we believe it also recognizes that credit unions have been, and will continue to be, a significant partner in the battle to eradicate predatory lending. For this reason, we would oppose expanding the scope of this rule to include other lending products, as this may unnecessarily interfere with the products offered by credit unions that would benefit military service members and their families. If DoD is considering expanding the scope of the rule, we strongly recommend that DoD wait for a significant period of time before doing so in order to determine if the current rule is meeting the objectives of the Act, in which case we believe any such changes would be unnecessary.

We also urge DoD to postpone any proposed changes to this rule because credit unions, along with other types of financial institutions, are already subject to an array of consumer protection rules that have similar objectives to the DoD rule. Some of these are in the process of being revised to address a number of unconscionable lending practices engaged in by other lenders that may not be currently covered under the DoD rule.

Specifically, these include proposed rules under the Home Ownership Equity Protection Act (HOEPA) that address unfair or deceptive home mortgage lending and advertising practices. Also, the Federal Reserve Board is currently in the midst of a multi-year process to review and revise Regulation Z, the Truth in Lending Act, in its entirety to ensure that all consumers receive adequate disclosure information for various credit products, including mortgage loans, credit cards, and automobile loans. While credit unions do provide adequate disclosures and do not engage in unfair practices, some of these rule changes will apply to all lenders.

Credit unions are also committed to ensuring that all of their members, including military service members and their families, receive substantial financial education, which we believe is one of the most important weapons in the fight against predatory lending. For example, providing financial education, in combination with providing responsible lending products, has allowed credit unions and their members to largely escape much of the direct impact of the subprime mortgage crises that is currently gripping our country.

Although credit unions have themselves been providing financial education throughout their history, these efforts are being enhanced at the national level. For example, CUNA formed a Financial Literacy Task Force in 2006, chaired by Juri Valdov, President and Chief Executive Officer of Northwest Federal Credit Union, and hosted a financial literacy summit in September of that year. This Task Force also issued a substantive long-term strategic plan

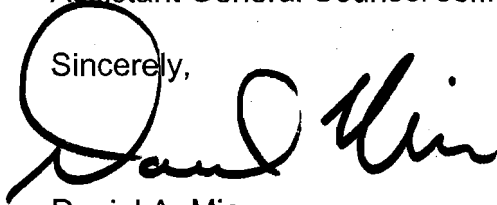
Ms. Leslie Arsht  
February 15, 2008  
Page Three

in August 2007 that is currently being implemented. CUNA has also partnered with the National Endowment for Financial Education to help underwrite and provide financial programs to schools and at other community venues.

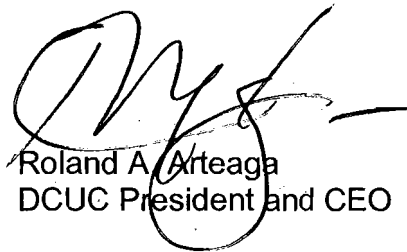
Of specific interest to DoD, CUNA and a number of other sponsors produce a weekly one-hour radio program that focuses on financial education. This program offers consumer finance information and advice from financial services experts on topics such as mortgages, savings options, retirement plans, car buying, debt management, and more. This program may be heard on a number of radio stations throughout the country, and we are very proud that this program is now broadcasted on the Armed Forces Network to ensure that military service members receive the benefit of this important information.

Thank you for the opportunity to comment on the recent final rule issued by DoD that implements the consumer credit provisions of the Act. If you or your staff have questions about our comments, please give us or Senior Vice President and Deputy General Counsel Mary Mitchell Dunn or Senior Assistant General Counsel Jeffrey Bloch a call at (202) 638-5777.

Sincerely,



Daniel A. Mica  
CUNA President and CEO



Roland A. Arteaga  
DCUC President and CEO