



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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March 20, 2020

The Honorable Michael D. Crapo  
Chairman  
Senate Committee on Banking, Housing  
and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Sherrod C. Brown  
Ranking Member  
Senate Committee on Banking, Housing  
and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

**Re: H.R. 5003 - Fair Debt Collection Practices for Servicemembers Act**

Dear Chairman Crapo and Ranking Member Brown:

On behalf of America's 181 Defense Credit Unions and over 25 million members, I am writing regarding H.R. 5003 which has been recently passed in the House Financial Services Committee. The bill is to amend the Fair Debt Collection Practices Act to provide enhanced protection against debt collector harassment of members of the Armed Forces, and for other purposes.

The legislation proposes several additions to the Fair Debt Collection Practices Act. DCUC applauds Congress for protecting servicemembers and their families from unsavory business practices and threats from debt collectors. However, while we support efforts to improve statutory protections in this area, we would also like to offer a suggestion for your consideration as H.R. 5003 moves through the legislative process.

Our aim is to continue to provide quality financial products and services that meet our member's needs while protecting them from predatory lending practices. This is all part of the bond members forge with their credit union.

The language in Section 2 that states a debt collector may not "communicate with any individual above a covered member in the chain of command, including for the purpose of acquiring location information about the covered member" could present some difficulties for already regulated and tightly overseen federally insured credit unions. We agree as this would place both the individual and the commander in an uncomfortable situation.

However, the fact that military members deploy, can become casualties, and can frequently move without notifying their lending institution, can all have a detrimental effect over time. For instance, once a member departs and fails to update new address information, the likelihood of missing an installment payment increases. This frequently leads to eventual default and a bad credit history which will have negative consequences on the member. While our member Defense Credit Unions do everything possible to avoid this situation, the unintended consequence of this legislation can severely restrict the ability to prevent this situation.

This legislation has the effect of contradicting current DoD Comptroller policy since the Financial Management Regulation (Vol 12, Chapter 33, para 330303 "Central Locator Services") contains specific guidance for military financial institutions on the installation to contact personnel whose whereabouts cannot be locally determined. If it is harder to locate members, over time it affects the availability of loans extended to military members. This makes military life even harder on military families when they should be focused on their mission instead.

A recommended course of action to exempt federally-insured credit unions from prohibitions on acquiring location information on covered members. This action balances the intent of the legislation with safety and soundness measures in extending credit to military members. Plus, there are a number of other benefits.

First, credit unions have prudently used this information to contact members about late loan payments, account inactivity/closures, or paying annual dividends. Membership in a credit union conveys a deeper level of trust which is enhanced by steady communications at critical times. Second, this exception is already codified in current DoD policy and regulations which have always made military loans one of the more safer investments while providing the same morale, welfare and recreation benefits which the department cannot provide. Finally, this action keeps unscrupulous lenders and debt collectors out of the system, and allows military members to focus on the mission without harrassment.

Thank you for your consideration of this request. DCUC stands ready to discuss this issue further and would welcome the opportunity to meet with you and/or your staff to provide additional information and examples regarding the role that defense credit unions play in promoting the financial well-being and preparedness of our military community.

On behalf of the Defense Credit Union Council and our 25 million members, thank you for your consideration.

Sincerely,



Anthony R. Hernandez