



DCUC
DEFENSE CREDIT UNION COUNCIL

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September 18, 2019

The Honorable James Inhofe
Chairman
Senate Armed Services Committee
228 Russell Senate Building
Washington, D.C. 20510

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

The Honorable Jack Reed
Ranking Member
Senate Armed Services Committee
228 Russell Senate Building
Washington, D.C. 20510

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

Dear Chairman Inhofe, Chairman Smith, Ranking Member Reed and Ranking Member Thornberry:

On behalf of America's 181 Defense Credit Unions and over 23 million members, I am writing to our express concern regarding Section 2821 of S.1790, the National Defense Authorization Act for Fiscal Year 2020. This legislation would require the Department of Defense (DoD) to treat for-profit banks and not-for-profit credit unions equally, forcing DoD to accept the value of services provided by banks as full payment for any lease, services, and utilities for the space they occupy on military installations. DoD did not request these changes and has historically opposed such changes.

As you know, DoD has the discretionary authority to waive all costs for Defense Credit Union land leases along with administrative fees and logistical costs provided that certain regulatory standards are met. This authority was granted after several years of discussion with DoD and through the enactment of an amendment to the *Federal Credit Union Act* in 2006. This waiver is only open to Defense Credit Unions when at least 95 percent of the membership served by the allotment of space or the facility built on the leased 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.

In return, our 181 member Defense Credit Unions are able to continually provide quality financial products and services along with stronger community support as the only not-for-profit, member-owned financial institution on the installation. Savings from this discretionary waiver are directly passed on to our members and our military community as there are no third-party

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dividends limiting this support. We fully understand this expectation and always seek to make things better for our servicemembers first. This is what separates us from banks.

Yet, while banks argue for “parity” on this issue, the fact remains that banks already have the ability to obtain the same type of waiver under 10 USC §2667. However, banks have not exercised this authority. Unfortunately, the recent bank “exodus” has more to do with padding record bank profits than serving the military. Nevertheless, even as banks elect to abandon our military, credit unions such as ours are able to continually provide the full scope and low costs of financial services leaving neither our installation or our servicemembers deprived.

As the House and Senate negotiate in conference, we respectfully request that the Senate recede to the House position on Section 2821 of the Senate-passed bill and enact legislation that is truly in the best interests of our armed forces versus some distant group of shareholders. We always act in the best interests of our members first. This principle has always guided our internal decisions along with our position on legislative proposals.

On behalf of the Defense Credit Union Council and our 23 million members, thank you for your consideration.

Sincerely,



Anthony R. Hernandez