



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
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The Honorable Charles Grassley
Chairman
Judiciary Committee
United States Senate
Washington, DC 20510

The Honorable Dick Durbin
Ranking Member
Judiciary Committee
United States Senate
Washington, DC 20510

Dear Chairman Grassley and Ranking Member Durbin:

On behalf of the Defense Credit Union Council (DCUC), I write to express our perspectives regarding the confirmation of Ms. Pam Bondi as Attorney General. DCUC represents credit unions stateside and overseas serving military and veteran communities as well as their families, encompassing over 40 million members and having over \$525 billion in assets. We believe it is crucial to address specific issues pertinent to our members during this confirmation process.

Credit Unions and the Department of Justice's Role in Investigating CRA Issues

The Department of Justice (DOJ) plays a significant role in enforcing compliance with the Community Reinvestment Act (CRA) and ensuring fair lending practices. Through investigations, settlements, and enforcement actions, the DOJ seeks to combat discriminatory practices in the financial sector. While these efforts are laudable, their applicability to credit unions is fundamentally flawed due to the unique nature and structure of these institutions.

Unlike for-profit banks, credit unions are member-owned, not-for-profit cooperatives with a statutory mission to serve their members, including underserved and marginalized communities. The DOJ's recent focus on CRA-related investigations involving credit unions has raised concerns about the application of enforcement frameworks designed for profit-driven institutions. For example, credit unions are already inherently mission-driven, prioritizing service to their members and reinvesting earnings back into their communities.

Enforcing CRA-like standards on credit unions risks creating redundant oversight that does not account for their operational structure or their track record of serving low- and moderate-income populations. It also introduces unnecessary regulatory burdens that divert resources away from member services and the communities credit unions are designed to serve.

Opposition to CRA Application to Credit Unions

We respectfully highlight our opposition to any attempts to subject credit unions to CRA requirements, for the following reasons:

1. **Redundancy:** Credit unions already prioritize serving diverse communities through their foundational structure and mission. The CRA's goals are naturally achieved without imposing additional regulations.

2. **Regulatory Burden:** Extending CRA enforcement to credit unions would place significant compliance burdens on not-for-profit institutions, reducing their ability to provide low-cost financial services to their members.
3. **Misalignment:** CRA was designed to address specific failings in the for-profit banking sector, which does not parallel the purpose and structure of credit unions.
4. **Existing Oversight:** Credit unions are already subject to rigorous oversight by the National Credit Union Administration (NCUA) and other regulatory agencies, which enforce fair lending practices tailored to the credit union model.

Recommendations for the Confirmation Hearing

We urge the Senate Judiciary Committee to carefully consider these issues during Ms. Bondi's confirmation hearing and recommend the following actions:

1. **Clarify DOJ's Role:** Request Ms. Bondi's views on the DOJ's role in investigating CRA issues at credit unions and whether she believes CRA enforcement appropriately recognizes the unique structure and mission of credit unions.
2. **Advocate for Fair Treatment:** Emphasize the need for the DOJ to adopt an enforcement framework that distinguishes between for-profit banks and not-for-profit credit unions.
3. **Support CRA Exemption:** Reaffirm the position that credit unions should remain exempt from CRA requirements, recognizing their inherent commitment to serving underserved communities.

By addressing these concerns, the Committee can help ensure that the DOJ under Ms. Bondi's leadership will support the continued success of credit unions in providing equitable financial services to diverse communities, including military and veteran communities as well as their families.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at jstverak@dcuc.org.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: Pam Bondi, Attorney General Nominee
Senate Judiciary Committee Members