



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
Chief Advocacy Officer

June 24, 2024

The Honorable Elizabeth Warren
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Emanuel Cleaver
United States House of Representatives
2217 Rayburn House Office Building
Washington, DC 20515

Dear Senator Warren and Representative Cleaver:

On behalf of the Defense Credit Union Council (DCUC) and the millions of active-duty military and veterans they serve across the country, we write to you to express our concerns about the inclusion of Community Reinvestment Act (CRA) or similar language in your proposed American Housing and Economic Mobility Act of 2024.

There are some provisions of the bill which are good policy provisions which DCUC would strongly support. For instance, extending eligibility for first-time buyers, who are certain direct descendants of certain veterans for VA home loans is the right thing to do. Especially since many of these veterans were unable to use their guaranteed home loan due to racial inequities over the years.

DCUC can also support increasing investments in key housing programs including the Public Housing Capital Fund, the Native Hawaiian Block Grant Program, and several rural housing programs. Many of the beneficiaries are veterans who need support. Plus, it makes good sense as many of these areas are either neglected or suffer from multimillion-dollar estates nearby whose property values make housing unaffordable in Hawaii.

However, credit unions were not the target industry when the CRA was enacted by Congress in 1977 since they already had a record of meeting the needs of traditionally underserved communities as part of their mission. Redlining and other discriminatory lending practices have no place in our industry. In fact, the credit union ethos demands each institution to meet the credit and capital needs of the communities where they operate, including low- and moderate-income neighborhoods. It is very rare for a credit union to violate this ethos.

Thus, expansion of CRA type legislation on the entire industry is unnecessary, burdensome, and could have the unintended impact of reducing access to credit for these vulnerable communities. Although some have suggested that extension of CRA obligations would be unproblematic, this view ignores the reality of the costs associated with implementing new and additional regulatory requirements. It is especially troublesome for small and medium sized credit unions.

Additionally, credit unions would be forced to pass along the increased costs associated with government regulation to consumers in the form of higher interest rates on loans, lower share rates on savings and deposits, and decreased member services. Consequently, this will have a large impact on military and veteran communities, which in turn will affect low- and moderate-income neighborhoods as well.

Serving Those Who Serve Our Country

Finally, we recognize the need to modernize financial regulations. However, modernizing financial regulations should encourage the formation of new credit unions or incentives for existing credit unions to operate and invest in these communities. It is exactly these types of member-owned and managed institutions that will help neglected communities, where banks and others have abandoned or refrained from helping.

Thank you for taking the time to listen to these concerns and we would like to offer an opportunity for you or your staff to meet with us in person or on a zoom call to discuss the issue and our thoughts in greater detail.

Thank you for the opportunity to bring these matters to your attention. Should you 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,

A handwritten signature in blue ink, appearing to read "Jason Stverak", with a long horizontal flourish extending to the right.

Jason Stverak