



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
Chief Advocacy Officer

October 15, 2024

Chairman Todd M. Harper
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Chairman Harper,

Our members noted your recent social media posts and comments indicating support for imposing Community Reinvestment Act (CRA) provisions on credit unions and soliciting input on the issue. On behalf of the Defense Credit Union Council (DCUC) and our nearly 200 members and 40 million members of defense credit unions, as well as the entire credit union movement, we are writing to express our deep concerns regarding the potential application of CRA to credit unions.

This decision should not be made in haste or in response to news stories about the actions of one or two credit unions. It would be a public policy failure to universalize the recent “redlining” violation of one particular credit union and apply remedies for that misdeed into a regulatory burden that is wholly inappropriate for the member-owned cooperative credit union industry. Additionally, the fact that the “redlining” finding by the Department of Justice was uncovered *without* CRA being applicable to credit unions strongly suggests that this remedy would not address whatever problem you assert should lead to CRA for part or all of the credit union movement.

Our members take their mission seriously as not-for-profit, member-owned cooperatives with a distinct mission to serve their members, especially those of modest means. This cooperative structure has always served to ensure that credit unions are inherently focused on meeting the financial needs of their members, unlike for-profit banks, which have external shareholders to satisfy. Credit unions already serve low- and moderate-income individuals and communities without the need for additional regulatory mandates. Imposing expensive CRA requirements on credit unions is redundant and unnecessary and eliminate the number of credit unions currently serving their members’ best interests along with those who are economically disadvantaged.

Data consistently shows that credit unions, including Defense Credit Unions, have an exemplary record of providing affordable financial services to underserved populations. Many credit unions, particularly those serving military bases and defense personnel, operate in areas where banking options are limited, and the financial needs of service members are distinct. By offering low-cost loans, financial literacy programs, and savings products, credit unions fulfill their mission of promoting financial inclusion and security.

Serving Those Who Serve Our Country

Since the CRA was enacted to address the issue of discriminatory lending practices (i.e., “redlining”) by for-profit, shareholder-driven banks, why punish all credit unions? Credit unions, by definition, do not engage in the practices that CRA was designed to combat. The fundamental difference in structure and purpose between banks and credit unions makes CRA an ill-fitting regulatory framework on the latter. Plus, credit unions are already held accountable to their members, ensuring that their activities benefit the communities they serve.

Finally, the NCUA, as the independent regulator of federally insured credit unions, has a critical role in protecting and promoting the unique cooperative model of credit unions. We commend the NCUA for consistently opposing the application of CRA to credit unions and urge the agency to continue to advocate against any such proposals. Particularly since credit unions are already subject to extensive regulatory oversight and examination by the NCUA.

We strongly urge the National Credit Union Administration (NCUA) to continue its long-standing opposition to such requirements and request a meeting with your office and our member CEOs to discuss this issue in greater detail.

Chairman Harper, we have a shared interest in protecting and empowering consumers, and we look forward to working constructively with you and your team to arrive at workable solutions that improve member access and service.

Thank you for your attention to this matter and for protecting the unique role that credit unions play in the financial services landscape, particularly for our nation’s defense and military communities.

Sincerely,

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

Jason Stverak
Chief Advocacy Officer
DCUC

CC: The Honorable Todd Hauptman
The Honorable Tanya Otsuka
Frank Kressman

