DCUC
DEFENSE CREDIT UNION COUNCIL

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Anthony R. Hernandez
President/CEO

May 8, 2020

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

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

Re: Inclusion of Military Members in Calculation for Low-Income Credit Union Designation

Dear Chairman Smith and Ranking Member Thornberry:

On behalf of America's 181 Defense Credit Unions and over 25 million members, I am writing to inform you on the National Credit Union Administration's recent decision to include military members in Low Income Credit Union (LICU) designation. The Defense Credit Union Council advocates for all defense credit unions located on every United States military installation around the world and championed this initiative as one of our advocacy goals. As our nation struggles to recover our economy, this decision sends the right message.

To qualify as a LICU, a majority of a credit union's membership must meet low-income thresholds defined in the NCUA Rules and Regulations. In general, for members to meet the low-income thresholds, their income must be at or below 80 percent of comparable median family incomes or median earnings for individuals in their geographic area, their state, or the nation. Many military families fall into this category.

This is important since credit unions with a low-income designation have access to many benefits that allow them to better serve their membership, especially those that may be traditionally un- or under-banked. Benefits include the ability to:

- Raise supplemental capital that counts toward net worth;
- Accept non-member deposits from any source;
- Make member business loans beyond the statutory cap;
- Apply for grants and low-interest loans from the NCUA's Community Development Revolving Loan Fund.

As you know, military financial readiness is a key component of securing our national military objectives. Unfortunately, many military families were already struggling before the COVID-19 pandemic. As military spouses lost their jobs and small businesses the need became even greater; along with the opportunity for financial predators to take advantage of these families. Defense credit unions are responsible lenders and have always offered quality products and services to keep predatory lending away from our military. This is why our member credit unions have branch offices on the installation.

The NCUA's decision to include military members in calculating Low Income Credit Union designation is a great change and will allow more credit unions to use additional tools that directly support their communties. These tools provide safe and affordable financial products and services as people struggle to put food on the table. As part of our ongoing commitment to securing our member's financial well-being, the Defense Credit Union Council will continue to support these kinds of efforts that assist our Nation's military, their families, and communities. This is how we serve over 25 million consumers who comprise our membership.

If there is anything more we can do to provide additional information on this or other important measures, please let us know. My office can be reached at (202) 734-5007 or at ahernandez@dcuc.org.

Sincerely,

Anthony R. Hernandez