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August 2, 2019

The Honorable Rodney Hood, Chairman,
The Honorable Todd Harper, Board Member
& The Honorable Mark McWatters, Board Member
National Credit Union Association
1775 Duke Street
Alexandria, VA 22314

Dear Chairman Hood and Board Members Harper and McWatters:

We represent 7.3 million credit union members in the Northwest, and we thank you for your leadership and stewardship of the credit union industry. We write today to suggest a change in the National Credit Union Administration (NCUA) that should encourage and reward credit unions for serving military families.

The credit union industry strives to serve our more than 1.3 million military service members and their families. In the Northwest our credit unions serve the more than: 8,600 service members in Idaho, 10,900 in Oregon, and the 64,000 in Washington.⁽¹⁾

Important Information about LICU:

Low income credit unions (LICUs) are recognized by the NCUA in order to better serve their communities and provide products and services for predominately low-income communities as they face unique challenges in meeting the special needs of this segment of the population. LICUs can accept nonmember deposits, issue secondary capital, apply for grants, and are not restricted by an MBL cap, which gives them the ability to provide additional resources to their members.

The most cost-efficient way to get a low-income designation is to provide the NCUA an Automated Integrated Regulatory Examination System (AIRES) download with member names & addresses. The NCUA runs a quick analysis, often responding the same day and notifying credit unions if they qualify for the LICU designation. In order to qualify, 50% plus one of the credit union members must reside in a census tract where the average family makes less than 80% of the national median income.

Nearly all credit unions serve military members, but not all military members are captured by the AIRES approach. With a simple and fair change to this system, there are a number of credit unions that would qualify for the LICU designation based on their existing membership.

Technical Correction for Military Installations Located Overseas:

Military members serving abroad and living on base have APOs (Armed forces) or FPOs (Navy) and often have this as their only physical address. Unlike domestic credit union members who use P.O. boxes but who have a residence that a credit union could potentially track down a physical address for, service members abroad often do not maintain a US residence. They do not show up in any census tract and therefore do not qualify as low income under current rules.

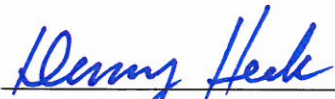
The average wage for military personnel living on military installations is below 80% of the national median income, and the census tracts around domestic military bases reflect this. As an example, nearly every census tract surrounding Joint Base Lewis McChord (JBLM) located in the Northwest is designated as low income. Following this fact pattern, members with APOs and FPOs should be presumed to qualify as low income instead of being excluded as they are now.

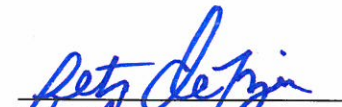
Our service members serving abroad deserve to benefit from the additional products and services that are offered by low income designated CU's, including greater opportunities to obtain a business loan. The current rule unfairly discriminates against these members and the credit unions they belong to. This could be remedied with a simple technical correction to the current rule.

701.34 (2) - Low-income members are those members whose family income is 80% or less than the median family income for the metropolitan area where they live or national metropolitan area, whichever is greater, or those members who earn 80% or less than the total median earnings for individuals for the metropolitan area where they live or national metropolitan area, whichever is greater. NCUA will use the statewide or national, non-metropolitan area median family income instead of the metropolitan area or national metropolitan area median family income for members living outside a metropolitan area. Member earnings will be estimated based on data reported by the U.S. Census Bureau for the geographic area where the member lives. The term "low-income members" also includes those members enrolled as students in a college, university, high school, or vocational school, *and members of the military serving abroad with A-POs or F-POs.*

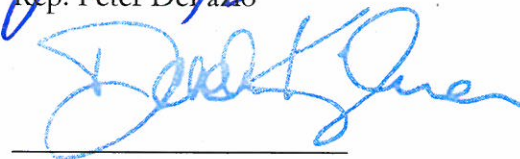
On behalf of credit unions striving to best serve our military members and their communities we ask that the NCUA please consider these updates.

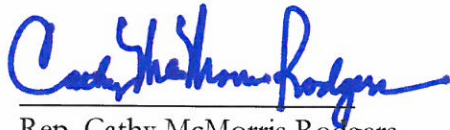
Sincerely,


Rep. Denny Heck

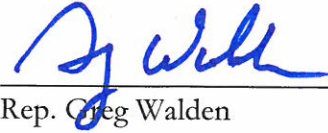

Rep. Peter DeFazio


Rep. Suzanne Bonamici

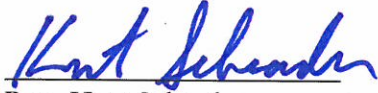

Rep. Derek Kilmer



Rep. Cathy McMorris Rodgers



Rep. Greg Walden



Rep. Kurt Schrader



Rep. Kim Schrier