



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Anthony R. Hernandez**  
President/CEO

April 8, 2020

The Honorable Rodney E. Hood  
Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

**Re: Recommendations for Answering Senate Banking Committee Chairman's Call to Action**

Dear Chairman Hood:

The following are offered as recommendations in answering Chairman Crapo's call in a letter to NCUA and other federal regulators on April 8, 2020.

**Temporary Removal of Member Business Lending Caps.** Arbitrary limitations on member business loans in the Federal Credit Union Act (12 U.S.C. §1757a) prevent credit unions from doing more during this great time of need. Suspending this limitation would exempt business loans made to credit union members from current business lending caps. Thus, much needed assistance remains sidelined when we could be doing more. The CARES Act does not provide relief from these lending caps. We recommend a temporary removal of this limitation. NCUA can help advocate for statutory changes.

**Exempt Credit Unions from Military Lending Act Restrictions.** Credit unions are responsible lenders and have always championed programs to keep predatory lending away from our military. Yet, while many military members are currently receiving their paychecks, we also know that many military families rely on their spouses to supplement household income. Many of these spouses are self-employed. Yet, current Military Lending Act restrictions prevent credit unions from making small dollar loans as the fees and payback periods trigger the 36% MAPR cap. While the CARES Act does not provide relief, there is already statutory authority for the federal government to exempt credit unions from these restrictions. We recommend CFPB using this authority to exempt credit unions from Military Lending Act Restrictions on small dollar lending, specifically on business loans. NCUA can help champion this effort.

**Inclusion of APO/FPO Addresses in Low Income Credit Union Designation.** This would allow more credit unions to become LICUs which would allow credit unions to loan more (i.e., not restricted by MBL caps) while also accepting nonmember deposits, issuing secondary capital, applying for grants. These all provide additional tools for credit unions to offer more help to hurting families and businesses. For example, NCUA issued a call for grant applications (up to \$10,000 per hardship). We believe more credit unions could take advantage of this offer if more could become LICUs. NCUA already has the authority to approve this change. DCUC is asking to expedite approval as one more measure for credit unions to use.

**Borrowing by Credit Unions.** Finally, under the general SBA 7(a) loan program regulation, credit unions are precluded from being 7(a) borrowers because they "primarily engage in the business of lending." This is an unprecedented time and likewise, unprecedented program, and we hope that the expansion of 7(a) loans will include credit unions in the list of allowed borrowers. The statutory text of the CARES act suggests that the 500-employee threshold should be the applicable standard. We recommend similar relief for our smaller-sized credit unions, some with less than 10 employees. NCUA can help advocate for this change.

As strong community partners, we are always happy to work with the National Credit Union Administration in continuing to provide a better environment necessary for extending relief to our nation's working families. We hope these recommendations are helpful in removing obstacles and providing more tools for our credit unions to use in the current crisis. Plus, doing so sends a clear signal that our nation recognizes their impact in fostering entrepreneurship in successfully re-building our economy

If there is anything more we can do to highlight and provide additional information on these issues, please let us know. My office can be reached at (202) 734-5007 or at [ahernandez@dcuc.org](mailto:ahernandez@dcuc.org).

Sincerely,



Anthony R. Hernandez