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**National Association of Federally-Insured Credit Unions**

June 2, 2020

The Honorable Gregory Meeks  
Chairman  
Subcommittee on Consumer Protection and  
Financial Institutions  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Blaine Luetkemeyer  
Ranking Member  
Subcommittee on Consumer Protection and  
Financial Institutions  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

**Re: Tomorrow's Hearing on "Promoting Inclusive Lending During the Pandemic: CDFIs and MDIs"**

Dear Chairman Meeks and Ranking Member Luetkemeyer:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to share our thoughts ahead of tomorrow's virtual hearing entitled, "Promoting Inclusive Lending During the Pandemic: Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs)." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 120 million consumers with personal and small business financial service products. NAFCU is extremely supportive of the Subcommittee's efforts to support and strengthen CDFIs and MDIs, and we share your view that these institutions are especially critical for underserved communities that are disproportionately impacted by the COVID-19 pandemic.

As we have shared with you before, credit unions are proud of their record of diversity and commitment to helping the portions of their communities that are most in need with high quality financial products and services. According to the National Credit Union Administration (NCUA), there are 526 federally-insured MDI credit unions that serve 3.9 million members (as of June 30, 2019). Furthermore, there were approximately 292 CDFI-designated credit unions at the end of 2019, constituting about 27 percent of all certified CDFIs. Ensuring that these institutions have the resources they need to survive and serve their members during these challenging times is critically important for the health of our communities. Credit unions are keenly aware of the hardships their members are facing due to the COVID-19 pandemic and are working around the clock to proactively assist them. Many credit unions have implemented programs to protect their members' financial health, including skipping payments without penalty, waiving fees, low or no-interest loans, loan modifications and no interest accruals. Furthermore, credit unions have stepped up to ensure small businesses in their communities are taken care of during these uncertain times through the Paycheck Protection Program (PPP).

To that end, we support the Subcommittee's legislative efforts to ensure that CDFIs and MDIs have the resources they need to serve their communities. Providing \$1 billion in emergency funding for the CDFI Fund would allow more credit unions to access monies to provide specific

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programs to help their members, and NAFCU appreciates that this funding was included in the House's Phase IV relief bill, the *Health and Economic Recovery Omnibus Emergency Solutions Act* (HEROES Act). We are also supportive of Representative Alma Adams's new proposal to authorize \$5 billion to the CDFI Fund for fiscal year 2020, with \$2 billion to be reserved for MDIs. Additionally, we urge you to also consider measures to make it easier for credit unions to become a CDFI.

As you examine support for community development institutions, we ask you to consider increasing funding for the NCUA's Community Development Revolving Loan Fund (CDRLF) program, which allows NCUA to provide technical assistance grants to credit unions serving low-income communities. NCUA Board Member Todd Harper has specifically called for at least \$10 million more for grants in 2020 to help low-income credit unions. Increasing these grants can help ensure that these credit unions have work-from-home infrastructure in place that is appropriately secure during social distancing measures.

In regard to the PPP, NAFCU urges Congress to continue to set aside PPP funds for community financial institutions, as well as consider additional set asides specifically for CDFIs and MDIs in future rounds of funding similar to what was included in the HEROES Act. We appreciate that Treasury and the SBA acted on May 28, 2020 to allocate \$10 billion of second-round PPP funding to lending by CDFIs. In addition, we ask you to consider other measures to help community financial institutions promptly make PPP loans, such as a dedicated processing window for small lenders, which the SBA employed during the second round of funding. This is especially important for MDI credit unions, which are typically smaller institutions: 87 percent have assets of \$100 million or less, and they tend to underperform growth in all categories, including asset size, membership and loan volume, in comparison to the rest of the credit union industry

We thank you for your leadership and ongoing efforts to support CDFIs and MDIs during these uncertain times. We appreciate the opportunity to share our input and look forward to continuing to work with the Subcommittee on these issues. Should you have any questions or require any additional information, please contact me or Sarah Jacobs, NAFCU's Associate Director of Legislative Affairs, at (571) 289-7550.

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Subcommittee on Consumer Protection and Financial Institutions