



June 22, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Leader McConnell and Leader Schumer:

We write today on behalf of our nation's defense-related credit unions regarding language in the Senate version of the National Defense Authorization Act (NDAA) for Fiscal Year 2021. According to the Senate Armed Services Committee Executive Summary, the Committee-approved bill contains language that would require "DOD policies for government depository institutions and credit unions operating on military installations to be applied equally to all such institution."

We are concerned that this language in the NDAA could essentially require that the DoD treat large mega-banks, such as Wells Fargo, the same as a military installation's local not-for-profit defense credit union when it comes to rent on military bases. A long track record of consumer abuses aside, Wells Fargo's annual revenue for 2019 was \$85 billion according to news reports.

Through a years-long series of discussions with DoD, and through the enactment of an amendment to the Federal Credit Union Act (FCU Act) in 2006, DoD has the discretionary authority to afford space on military bases at a nominal rate to credit unions provided that they meet certain statutory and regulatory requirements regarding the provision of financial services in the on-base facility.

It is important to point out that although bankers claim that they are required to pay rent on military bases at a fair market value cost, the reality is that banks also already have an avenue to pursue nominal cost leases via 10 U.S.C. § 2667. The *Floyd D. Spence National Defense Authorization Act For Fiscal Year 2001* (P.L. 106-398) gave DoD the authority to accept "in-kind consideration" for leases on military property, including "provision of such other services relating to activities that will occur on the leased property that the Secretary concerned considers appropriate." If military banks were to work with DoD, in-kind consideration could be accepted with respect to a bank lease. Prior to the enactment of the aforementioned amendment to the FCU Act, credit unions also pursued nominal leases via this same provision in 10 U.S.C. § 2667. We would encourage military banks to work with DoD to make better use of this provision.

It should also be noted that while DoD, to date, has chosen to afford space on military bases at a nominal rate to credit unions, they are not required to do so. DoD, like many others, recognizes the value that credit unions bring to our men and women in uniform,

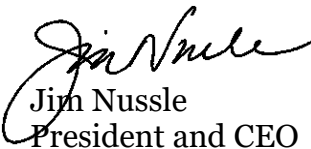
in good times and bad. For example, during the partial government shutdown last year, many credit unions offered programs to assist those impacted by a lack of a paycheck, while other financial institutions did little or nothing.

Our organizations recognize the important role both credit unions and banks can play for our men and women in the military in the provision of traditional financial services and in protecting our troops from predatory lenders. However, we remain concerned that this effort in the FY2021 NDAA to tie the fate of banks on the lease issue to credit unions could ultimately disadvantage credit unions and the men and women of our nation's armed forces that they serve.

Like banks, many credit unions must also deal with cost-benefit considerations – even with the nominal lease provision. If this provision is not carefully considered, it could force all financial institutions off the installation. This issue is a complex one. Many parties beyond just banks could be impacted by such an amendment, including DoD contractors. All of the affected parties need to agree on a path forward that is truly in the best interest of our nation's armed forces. Accordingly, we ask that you remove this language from the FY2021 NDAA until such time.

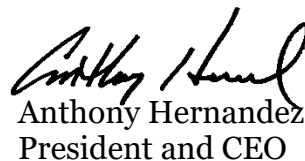
We thank you for your attention to this matter.

Sincerely,



Jim Nussle
President and CEO

Sincerely,



Anthony Hernandez
President and CEO



Dan Berger
President and CEO

cc: Members of the United States Senate