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

January 24, 2019

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

**Re: Credit Union Shutdown and Furlough Assistance**

Dear Chairwoman Waters:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in response to your January 18, 2019 letter requesting information on credit union shutdown assistance programs. As you are aware, NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 115 million consumers with personal and small business financial service products. NAFCU and our member credit unions share your concern about the economic impact of the shutdown on the consumers and communities that credit unions serve.

Credit unions are member-owned not-for-profit financial institutions. The guiding principle of all credit unions is to work to increase the financial stability and success of their members. As such, they are completely dedicated to serving the needs of their member-owners. From their inception, credit unions have, by their nature, tailored the services they provide to meet the specific needs of their membership, not to maximize profits for outside investors.

With that in mind, in the days leading up the shutdown, NAFCU contacted our membership and notified them of the hardship some of their members may face in the event of a government shutdown so that they would be ready to launch assistance programs on day one of the shutdown. Similar to the immediate response we saw when credit unions stepped up to help members during previous temporary government funding gaps, we are pleased to report that credit unions across the nation have worked to proactively assist their members that are impacted by the current shutdown.

This assistance has taken many forms, and varies by credit union based on the needs of their members, but examples include:

- 0% interest short-term loans until the first payday after shutdown;
- Unsecured loans covering the amount of lost paychecks or greater;
- Reduced or below market rates on certain loans during the shutdown;
- No accrual of interest during the shutdown;

- No fee, skip payment options for existing loans;
- No penalty early withdrawals for term products;
- Extensions on terms of current loan products;
- Modifications on terms of current loan products;
- Mortgage loan forbearance;
- Deferrals of first payment on loans until after the shutdown ends;
- Waving of fees for many services;
- Financial counseling services, including reviews of existing products to help savings;
- Bonus gift cards and gas cards for accounts; and,
- Suppression of negative credit reporting.

Credit unions have been working to publicize their assistance programs so that their members know that they have options. These efforts include messages to members, special webpages, communication to local media, advertising, making local relief organizations aware of services, and sharing information with elected officials. We are pleased that leaders in Congress and the Administration have recognized the assistance that credit unions are providing and are encouraging those impacted to talk to their credit union.

One thing almost all of our member credit unions tell us is that they will work with individual members on a case-by-case basis to meet their unique needs during the shutdown if their portfolio of products does not match their needs. This personalized service fits in with the credit union focus on serving the financial needs of the member. Given that these efforts could lead to offering non-standardized products, we would encourage you in your oversight role to urge financial regulators, such as the National Credit Union Administration (NCUA), to not penalize institutions during future examinations for these efforts.

News reports have picked up and reported on many of the efforts of credit unions in the Washington, D.C. area that serve federal employees and are providing assistance. These include Navy Federal Credit Union, Pentagon Federal Credit Union, Congressional Federal Credit Union, FedChoice Federal Credit Union, State Department Federal Credit Union, Department of Commerce Federal Credit Union, Treasury Department Federal Credit Union, and Justice Federal Credit Union, just to name a few. All have various programs like those mentioned above to meet the needs of their members. There are many more that are providing assistance throughout the Washington, D.C. metro area and around the country. In fact, it is also important to note that the impact of the shutdown is felt not only in the immediate Washington, D.C. area, but also by credit unions and their members around the country.

Examples of credit unions across the nation assisting their members include:

Kinecta Federal Credit Union in California has instituted assistance programs that include a 0% interest loan of up to \$2,000 for 12 months, offering up to a \$5,000 credit card limit with relaxed credit criteria, payment deferral, and late fees waived, and offering loan payment deferrals on all Kinecta loans. In just the first few weeks of the shutdown, they have provided 17 personal loans for \$2,000 each and granted over 108 skip-payments.

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Arkansas Federal Credit Union has already issued over 43 interest-free loans to members to replace federal government paychecks at an average of over \$1,600 each. They are also offering free financial counseling to members and even potential members to see if additional savings can be realized.

JetStream Federal Credit Union in Florida has already provided over 26 Furlough Relief Loans that feature a 0% interest rate and no payments for 60 days. They also have granted over 50 payment extensions on existing loans.

Coastal Credit Union in North Carolina has added aspects to its Member Assistance Program to assist members affected by the shutdown. This includes 3-month payment extensions on loans. It has received over 100 requests so far for assistance related to the shutdown.

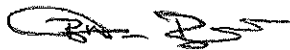
There are many more stories like these. Unfortunately, as the shutdown continues, the number of members seeking assistance continues to grow. It is time for the shutdown to end. Funding must be restored and the government reopened.

Credit unions also recognize that the impact on the economy extends beyond just furloughed federal workers, but also includes federal contractors and their employees, many of whom have no guarantee of back-pay when the shutdown ends. It also can extend to small businesses, such as restaurants and delis, who may be losing income due to the loss of federal employee customers. That is why many credit unions are extending assistance programs to anyone in their membership who could be feeling the impact of the shutdown.

As we always do during times of economic crisis, credit unions are focusing on their members and doing all that they can to help. We are pleased that the NCUA has expressed flexibility during these difficult times, and we would urge you to look for ways to provide increased regulatory flexibility to meet consumer needs during these challenging times either through oversight or legislative action.

Thank you for your attention to this matter. We look forward to continuing to work with you and the Committee on this important issue. Should you have any questions or require any additional information, please contact me or Brad Thaler, NAFCU's Vice President of Legislative Affairs, at 703-842-2204 or [bthaler@nafcu.org](mailto:bthaler@nafcu.org).

Sincerely,



B. Dan Berger  
President and CEO

cc: The Honorable Patrick McHenry, Ranking Member, House Financial Services Committee