



August 14, 2019

The Honorable James Inhofe
Chairman
Senate Armed Services Committee
228 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Adam Smith
Chairman
House Armed Services Committee
2216 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jack Reed
Ranking Member
Senate Armed Services Committee
228 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Mac Thornberry
Ranking Member
House Armed Services Committee
2216 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Inhofe, Chairman Smith, Ranking Member Reed and Ranking Member Thornberry:

We write today on behalf of our nation's defense-related credit unions regarding Section 2821 of the Senate-passed National Defense Authorization Act (NDAA) for Fiscal Year 2020 (S. 1790). Section 2821 of the Senate-passed version of the NDAA would expand access to nominal leases on military installations for banks and require the Department of Defense (DoD) to treat banks and credit unions on military installations the same when it comes to leases. The House-passed version of the NDAA (H.R. 2500) contains no such provision.

We urge you to strike Section 2821 of the Senate bill from the final version of the NDAA as the House and Senate work out the differences between the two bills.

Section 2821 of the Senate 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 gross profit for 2018 was \$86 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 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. Banks also already have an avenue to pursue "nominal" leases via 10 USC § 2667 by working with DoD.

It is important to note 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 earlier this 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 Section 2821 to tie the fate of banks on the lease issue to credit unions and their good work misses the mark, and would ultimately disadvantage credit unions.

Like banks, many credit unions have also left bases in the past 10 years – even with the nominal lease provision. This issue is a complex one. Many parties beyond just banks could be impacted by such an amendment, including DoD and credit unions. 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 do not enact Section 2821 of the Senate NDAA into law until all of the affected parties can agree on a path forward that is truly in the best interest of our armed forces.

We thank you for your attention to this matter.

Sincerely,



B. Dan Berger
President and CEO
NAFCU



Anthony R. Hernandez
President and CEO
DCUC

cc: Members of the Senate Armed Services Committee
Members of the House Armed Services Committee