

May 16, 2022

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

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the American Bankers Association and state bankers associations from every state in the country, we call on Congress to oppose the credit union industry's latest attempt at charter aggrandizement, H.R. 7003, the "Expanding Financial Access for Underserved Communities Act," included on the House Financial Services Committee's May markup agenda. As we have noted previously, this legislation will not deliver on the purported objective of improving banking access to underserved communities but instead expand taxpayer subsidies of business lending.

The stated purpose of this legislation is to enable credit unions to serve underserved areas, yet community credit unions and multiple common bond credit unions can already do this under existing law and regulation. Specifically, the National Credit Union Administration currently allows multi-state areas to be added to a community credit union's field of membership; without legislation, they can choose to focus on any area, underserved or not, inside these expansive spaces. However, what H.R. 7003 seems to provide is the ability for credit unions to expand *out-of-market*, which contradicts the credit union purpose of serving well-defined local communities and small groups of consumers of modest means.

The legislation also creates a major new loophole in the credit union business lending cap, long one of the most controversial issues in financial services. Bankers remain staunchly opposed to efforts to gut this limitation, which serves an important public policy objective—focusing this tax-exempt industry on its specified mission of "meeting the credit and savings needs of *consumers...* through an emphasis on *consumer rather than business loans.*" (Senate Banking Committee Report 105-193) (emphasis added).

The lack of Community Reinvestment Act requirements on credit unions that have their charters enhanced through this legislation is also notable. If credit unions and banks can compete for the exact same customers, comparable regulatory requirements that provide accountability as to whether the credit union is serving all types of customers are appropriate. This is especially the case when those credit unions are receiving a tax subsidy to serve the underserved. Credit unions regularly tout their commitment to low- and moderate-income communities, so they should welcome the opportunity to demonstrate that taxpayer dollars are being spent as intended.

Expanding financial access to underserved communities is an important and shared goal. Loosening credit union membership criteria without appropriate consumer protections, however, will not further this goal and should be seen for what it is: a pretext for charter enhancement at ongoing cost to taxpayers. As a result, we oppose H.R. 7003.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association

Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

cc: Members of the House Financial Services Committee