

May XX, 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,

We, the undersigned cooperatives and business organizations, are writing today in support of H.R. 7003, The Expanding Financial Access for Underserved Communities Act. As cooperatives and supporting organizations, we strive to address market challenges and create economic opportunity through a time-tested business model that builds a more participatory and inclusive economy.

The Expanding Financial Access for Underserved Communities Act would address the epidemic of the unbanked and underbanked in the United States by making it easier for consumers in areas without sufficient financial services providers to access credit unions. As representatives of the cooperative movement, we strongly support this legislation, which would make three changes to the Federal Credit Union Act to enable and encourage credit unions to serve underserved and abandoned communities and promote financial inclusion to all at no cost to the taxpayer.

First, the legislation would allow all Federal credit unions to add underserved areas to their field of membership. Under current law, only multiple common bond credit unions can add underserved communities. Multiple common bond credit unions serve groups that have a definable common bond of association or occupation. Second, the legislation exempts business loans made by credit unions to businesses in underserved areas from the credit union member business lending cap. Finally, the legislation expands the definition of an underserved area to include any area that is more than 10 miles from the nearest branch of a financial institution. Currently, there are two other ways that an area can qualify as underserved: (1) Community Development Financial Institution (CDFI) Area¹ or (2) New Markets Tax Credit Area². Adding this third path for an area to be designated underserved is designed to address the epidemic of rural banking deserts and ensure the availability of cooperative financial services for all.

Having been given by Congress a statutory mission to promote thrift and provide access to credit for provident purposes, credit unions exist to improve their members' financial well-being and advance the communities that they serve. This means ensuring that all consumers, regardless of residence or economic standing, have access to mainstream financial services provided by not-for-profit financial cooperatives. That is why we believe it is critical that underserved communities have access to a trusted, local financial partner as they save for retirement, respond to unexpected financial needs, and obtain loans for homes, cars, and businesses. Credit unions

¹ 12 U.S.C 4702

² 26 U.S.C. 45D

are eager to be that partner—but archaic field of membership restrictions prevent most from expanding more broadly to help those who are most in need.

Rather than create a new government program or increase federal spending, reforming archaic field of membership restrictions through the Expanding Financial Access for Underserved Communities Act is a market-based solution leveraging the success of the credit union model. This legislation breaks down barriers that keep credit unions from being part of the solution to address financial access for underserved and unbanked communities.

The Expanding Financial Access for Underserved Communities Act represents a significant step forward toward building a more inclusive economy. We strongly support this legislation and appreciate its consideration.

Thank you for your leadership and your consideration of our views.

Sincerely,

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