



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 Inclusiv, I am writing in strong support of H.R. 7003, the Expanding Financial Access for Underserved Communities Act. Inclusiv is the national network of community development credit unions committed to promoting financial inclusion and equity through credit unions. Increasing opportunity and access in low-income and historically excluded communities is critical to addressing and reversing inequities in our banking system. Enabling credit unions to expand more easily to serve underserved communities with quality financial products and services will increase capital where its needed most.

The Inclusiv network is made up of 450 credit unions serving low-income urban, rural and reservation-based communities across 48 states, DC and Puerto Rico. More than 46% of our members are governed by and predominantly serving people of color; and more than 60% are certified as CDFIs. As a CDFI intermediary, Inclusiv channels capital and builds capacity of these institutions dedicated to serving low-income and underserved consumers with fair and responsible financial products and services and the supports to help consumers succeed with those services. We design, implement and track numerous initiatives aimed enabling members to use their credit unions to build community wealth and assets.

H.R. 7003 is critical in addressing the epidemic of unbanked and underbanked Americans by leveraging the success of the credit union model to foster financial well-being and provide access to capital to communities most in need. The legislation would make important changes to the Federal Credit Union Act to enable credit unions to serve underserved communities at no cost to the taxpayer.

It is critical that the legislation would allow *all* Federal credit unions to add underserved areas to their field of membership. While our network members are diverse in terms of size and offerings, roughly 35% are considered "small" credit union and the majority of minority designated (MDI) credit unions are considered small with assets under \$100 million. Small credit unions can often have impact far greater than their size and volume of transactions because they provide high-touch services to help members not just access loans but succeed and thrive with those loans repairing credit, addressing emergencies, starting businesses, and building wealth through homeownership.



In our strong support for H.R. 7003, we recommend additional guidance to ensure that credit unions of all sizes have a fair opportunity to expand into underserved areas. While the bill clearly makes it easier for all credit unions to expand into underserved areas, it will be important that the regulator acknowledge and implement the legislation with a view towards increasing consumer choice by supporting the field of membership expansion equally of small credit unions. In Section 2 the bill directs NCUA to assess the credit union's application to determine "whether the business and marketing plan explains the credit union's ability and intent." We recommend that NCUA consider not only the amount of new members that are served but that the credit union demonstrate how it will lend deeply in its new community and that even small institutions that may not immediately provide high volume of loans be approved if they demonstrate their plan to reach those most in need of their services. Similarly reporting on progress should enable small credit unions to report on how deep their impact has grown on those reached and served.

Similarly, the legislation exempts business loans made by credit unions to businesses in underserved areas from the arbitrary credit union member business lending cap. Minority and women owned businesses that have lacked adequate access to capital for generations often require additional technical assistance and support when applying for loans in terms of bookkeeping, marketing and planning for growth. The ability to exempt business loans made in underserved areas from the member business lending cap will enable more credit unions to devote the necessary resources to help businesses through the loan application and underwriting process and access the capital they need to grow and expand their business.

It is vital that underserved and traditionally marginalized communities have access to a trusted, local financial partner that provides alternatives to payday lenders, responds to unexpected financial needs, and provides opportunities to obtain loans for homes, cars, and businesses. Credit unions are eager to be that partner—but archaic field of membership restrictions prevent most from expanding more broadly. This legislation breaks down the barriers that keep credit unions from being part of the solution.

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,

A handwritten signature in black ink that reads "Cathleen A. Mahon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Cathleen A. Mahon
President and CEO