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October 15, 2013

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

## Dear Ranking Member Waters:

Thank you very much for your letter of October 11, 2013, regarding the efforts that credit unions and other financial institutions should take to assist those who are being affected by the current government shutdown. As you know, CUNA is the premier trade association for the credit union system, representing nearly 90% of America's state and federally chartered credit unions and their 97 million members. We are pleased to describe the efforts that credit unions are taking to help those affected by the shutdown.

The credit union mission is to promote thrift and provide access to credit for provident purposes to members. As member-owned, not-for-profit cooperatives, credit unions embody a "people helping people" philosophy. As a result, when credit union members face hardship, they have confidence that their credit union will stand with them and provide assistance. It is simply what we do.

Credit unions are not simply waiting for their members to ask for assistance. In many cases, they are actively reaching out to their membership through email, mail, local media and social media to notify members of the availability of assistance programs. While CUNA has not conducted a comprehensive survey of credit unions to assess all that is being done to assist government workers, government contractors and other small businesses affected by the shutdown, the anecdotal evidence suggests that credit unions are stepping up in support of their members, as anyone who understands the mission of credit unions would expect them to do.

On Capitol Hill, Congressional Federal Credit Union has initiated a relief loan program for members who are experiencing a furlough from their current employer or not receiving pay while working during the government shutdown. This program offers members a 0.00% 90-day loan that converts to a 4.00% 36-month loan if it is not repaid within the first 90 days.

The Honorable Maxine Waters October 15, 2013 Page Two

Here are additional examples of how credit unions are assisting members affected by the government shutdown across the country:

- Redstone FCU, Huntsville, Ala. In addition to offering free financial consulting, Redstone FCU is also offering furlough assistance loans up to \$5,000 or the pre-furlough net monthly pay at a 2% fixed rate for 12 months, with no payment required for 60 days.
- Hawaii State FCU, Honolulu, Hawaii. In addition to penalty-free term share withdrawals, it offers one- to three-month deferment of loan payments. Its free 30-minute financial checkups for members to improve their financial health include a review of credit, refinancing high-rate loans, lowering interest on credit cards and consolidating debt. High-yield savings and interest-bearing checking accounts, as well as a BALANCE financial fitness program, also are available.
- Community CU, Rockledge, Fla. The credit union offers two assistance packages--0% loans and fee waivers on early withdrawals on share certificates--to help government workers.
- Coloramo FCU, Grand Junction, Colo. For members, it waives the \$30 Skip-a-Payment fee and offers personal loans in the amount of the member's net paycheck up to three months. For nonmembers, it will waive membership, title and loan fees to help them refinance loans they may have elsewhere.
- *TIC FCU*, *Columbus*, *Ga*. The \$266 million asset credit union is offering temporary short-term loans to those with direct deposit at the credit union.
- Federal Employees CU, Des Moines, Iowa. The \$18 million asset credit union dusted off its playbook from the 1995 federal government shutdown, which lasted 28 days. If members miss a paycheck because of a furlough, the credit union will issue a no-interest loan and provide payment waivers for current loans.
- *MCLG Family CU, Mason City, Iowa*. The \$35 million asset credit union approved a special loan Wednesday that allows federal employees to borrow up to \$1,000 without collateral at 4.99% interest rate instead of the normal 13.5% rate. It also allows members to skip a scheduled monthly payment on loans.
- *M-O FCU, Huron, S.D.* The \$25 million asset credit union launched a "We Stand Ready..." campaign geared toward the federal and postal employees it serves. The credit union is offering penalty-free early withdrawal on certificates, 0% loans for missed payroll and deferred loan payments.
- Census FCU, Washington D.C. The \$64 million asset credit union has seen increased demand for its Skip-a-Payment program and staff have been working in the otherwise deserted headquarters to meet the demand for assistance.
- *Miami FCU, Miami, Fla.* The \$29 million asset credit union initiated a Furlough Relief Loan that allows a member to borrow up to \$3,000 interest-free for 60 days.
- Arsenal CU, Arnold, Mo. Arsenal CU, which serves employees of the National Geospatial Intelligence Agency is offering unsecured loans at 0% for 12 months and hardship deferments, which allow members to skip a payment without penalty.
- Desert Valleys CU, Ridgecrest Calif. The \$23 million asset credit union initiated "Shutdown" loans up to 100% of an employee's net paycheck amount, with options for a 60-day repayment period at 0% interest.

The Honorable Maxine Waters October 15, 2013 Page Three

- *Belvoir FCU, Woodbridge, Va.* The \$317.9 million asset credit union with a military/Department of Defense contractor field of membership," is offering an emergency loan of up to \$5,000 at a fixed-rate of 4.99% annual percentage rate (APR) but at 0% for the first 60 days. The maximum term is 12 months and members can defer their first payment for 60 days. The credit union is offering loan workout programs, skip a payment and early withdrawal from share certificates without a penalty.
- Global CU, Spokane, Wash. which has \$357 million in assets and serves members at Fairchild Air Force Base, is working with its members affected by the shutdown to provide extra time and assistance to adjust.
- Scott CU, Edwardsville, Ill. an \$930 million asset credit union that offers, among other assistance, the opportunity to borrow 100% of the member's most recent net two-week pay.
- Travis CU, Vacaville, Calif. which has \$2.1 billion assets and serves members near Travis Air Force Base is offering extensions on loans, debt counseling, budgeting seminars and 0% interest loans. It also has met with base leadership and advised officials there of its services.
- Tyndall FCU, Panama City, Fla. The \$1.13 billion asset credit union offers loan options, Skip-a-Payment, one-on-one assistance, credit cards or increases in credit limits, lines of credit, share-secured loans, checking account overdraft coverage and free budgeting software.
- *VyStar CU, Jacksonville, Fla.* The \$4.9 billion asset credit union processed Oct. 1 direct deposits normally, will cover the Oct. 15 payroll for active duty members with direct deposit; and is offering emergency loans, pay and save loans, expedited line increases on current line of credit loans, and signature loans. It also offers loan deferral assistance, expedited approval for credit cards, and penalty-free certificates withdrawals.

While this is far from a comprehensive list of how credit unions have stepped up to help their members over the last two weeks, it is representative of what credit unions are doing as their members endure a government shutdown that has gone on longer than any could have reasonably expected and continues without any meaningful promise of ending soon.

So far, we have not heard of push back from the National Credit Union Administration or state regulators regarding these programs; however, if the shutdown is prolonged, it is possible that examiners may start to question the continuation of these services. In the meantime, credit unions will continue to do what they can to assist their members; however, we also encourage Congress to work together to end the shutdown as soon as possible.

On behalf of America's credit unions and their 97 million members, thank you very much for your support. We look forward to working with you to improve and enhance credit unions' ability to provide financial services to their members.

Best regards,

Bill Cheney
President & CEO