



November 4, 2021

The Honorable Jack Reed
Chairman
Senate Armed Services Committee
Washington, DC 20510

The Honorable Adam Smith
Chairman
House Armed Services Committee
Washington, DC 20515

The Honorable James Inhofe
Ranking Member
Senate Armed Services Committee
Washington, DC 20510

The Honorable Mike Rogers
Ranking Member
House Armed Services Committee
Washington, DC 20515

Dear Chairman Reed, Chairman Smith, Ranking Member Inhofe, and Ranking Member Rogers,

On behalf of our associations, our member credit unions, and the more than 127 million credit union members they serve, we are writing you today to share our thoughts on the FY2022 National Defense Authorization Act, ahead of the Senate floor consideration of the measure. Credit unions continue to serve our nation's servicemembers and their families exceptionally well, particularly defense credit unions. As member-owned, not-for-profits, defense credit unions focus is providing quality financial services to our men and women in uniform. This focus on the servicemember is evident whether it involves opening a checking account, obtaining low-interest credit, or learning how to properly save for retirement—defense credit unions proudly serve their communities. With that focus in mind, we ask that you consider our views on the following provisions.

SAFE Banking

Our associations strongly support inclusion of the Secure And Fair Enforcement (SAFE) Banking Act that was included in the House version of NDAA in the final version of the bill. We take no position on legalizing or decriminalizing medicinal or recreational cannabis at either the state or federal level. However, credit unions operating in states where it is legal have members and member businesses involved in the cannabis market who need access to traditional depository and lending services, the absence of which creates a significant public safety issue.

Additionally, financial institutions that choose not to bank the cannabis industry still risk unknowingly serving those businesses in states where cannabis is legal. Indirect connections are often difficult to identify and avoid because like any other industry, those offering cannabis-related services work with vendors and suppliers. Under the existing status quo, a credit union that does business with any one of these indirectly affiliated entities could unknowingly risk violating federal law.

Inclusion of the SAFE Banking Act puts in place necessary protections to bring revenue from state-sanctioned cannabis businesses into the financial services mainstream and, as a result, keeping communities safe.

Remote Online Notarization

We also support inclusion of language to authorize remote online notarization and create national standards and protections for its use.



Financial transactions are complicated and rely on the trust of both parties. Notarization requirements help ensure that these transactions are properly executed and validate the individuals presenting themselves as parties to the transaction. While several federal regulations require documents to be notarized, notary laws and regulations are generally governed at the state level.

The COVID-19 pandemic has complicated person-to-person contact and made it difficult, if not impossible in some cases, to secure in-person notary services. Some states have remote notarization laws in effect; other states governors have issued temporary executive orders permitting remote notarization. However, given the fact this crisis is affecting every state and county in the country and that many of the notary requirements emanate from Federal law.

We believe it would be in the interest of public policy to have a Federal law permitting remote online notarization.

Credit Reporting

An accurate and complete credit reporting system benefits both borrowers and lenders alike. Lenders rely upon the broad availability of thorough data on borrowers' credit circumstances to make their underwriting decisions. Attempts to remove or modify certain types of information from the credit reporting system will only do long-term damage to lending and the ability of borrowers to access the credit they need to buy a home, start a small business, or achieve a higher education.

Restrictions on the reporting or consideration of certain debts, even for merely a subset of borrowers, would ultimately prevent lenders from understanding borrowers' complete debt circumstances and cloud their ability to fairly assess creditworthiness. An incomplete view of borrowers' credit histories erodes confidence in the credit reporting system and significantly impacts pricing decisions and credit availability.

The House-passed NDAA includes two provisions that would limit the credit reporting information available on servicemembers. While these provisions may be well-intentioned, we are concerned a blanket block on certain types of data increases the risk profile of all servicemembers and, in turn, encumbers their access to credit from reputable lenders. We urge the Senate to reject these provisions.

Rent Free Access for Banks

Credit unions have profound interest in preserving DoD's discretionary authority to allow credit unions to use land and space on military bases at a nominal rate. Defense credit unions continue to serve our Nation's servicemembers and their families exceptionally well. As member-owned, not-for-profits, defense credit unions focus is providing quality financial services to our men and women in uniform. This focus on the servicemember is evident whether it involves opening a checking account, obtaining low-interest credit, or learning how to properly save for retirement—defense credit unions proudly serve their communities while protecting against financial predators outside the gate.

Under the Military Leasing Act, 10 USC §2667, banks can demonstrate to DoD how they would use their lease to serve and provide value to the men and women of the base. However, banks still have not exercised this authority. Rather than seek a productive solution available to them under current law, they have opted to target their long-time nemesis credit unions in the process.



Thank you for not including this language in the House-passed version of NDAA or in the Senate Armed Services Committee mark-up. We ask that it remains out of the FY2022 NDAA and you continue to reject attempts at its inclusion on the Senate floor. Further, we ask that the final conference report reflect the Senate language that is silent on this specific issue.

On behalf of our member credit unions and the over 127 million members they serve, thank you for the opportunity to express our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle".

Jim Nussle
President and CEO
CUNA

A handwritten signature in black ink, appearing to read "Anthony Hernandez".

Anthony Hernandez
President and CEO
DCUC

A handwritten signature in black ink, appearing to read "Dan Berger".

Dan Berger
President and CEO
NAFCU

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