

Areas of Sensitivity – Talking Points

During our meetings on the Hill, you may get questions about recent regulatory policy announcements or pressing issues in the news, and we want to ensure you can provide a strong response to refute or manage the issue. These are areas that we do not want to bring up in a proactive manner but want to ensure you are prepared to respond to them if asked.

Fair Lending / HMDA Messaging Points

Background: Late in 2023, several news outlets highlighted one of the nation's largest federal credit unions for allegations around racial disparities in lending approvals and practices. Since the release of the news article several groups and caucuses within Congress have called for a specific explanation from the credit union, while also calling for an official investigation into the lending practices of this individual credit union by CFPB and the Justice Department.

Caution – Not for Proactive Messaging:

Credit unions should fully review and understand their HMDA reporting and overall lending data to ensure accuracy and the impact and support being provided for the communities in which it serves. If asked about this issue while we are on Capitol Hill, here are a few talking points that can be further bolstered by individual credit union data, if available.

Talking Points:

- Credit unions are committed to equal and equitable lending practices across all demographics with strict adherence to all fair lending laws.
- Every credit union is unique, serving different geographic areas and different fields of membership, therefore we cannot compare individual credit unions or speak to another credit union's service offerings.
- We invest heavily in employee training, quality control monitoring, and compliance reviews that are embedded into our lending practices to ensure fairness across the board.
- We are a trusted financial partner for all our members, and we serve each according to their unique financial needs with the utmost insight and professionalism.
- We recognize that homeownership is a goal for many families across all demographics.
- Credit unions are consistently analyzing our data and digging deeper to understand how to better serve our members in all products and services.

FHLB @ 100 – FHFA's efforts to overhaul the FHLB

Background: In late 2023, the Federal Housing Finance Agency (FHFA) published the culmination of a year-long review of the Federal Home Loan Bank (FHLB) system in a report called the *FHLBank System at 100: Focusing on the Future*. The in-depth review of the FHLB system and the initiative that is outlined in the report call on the FHFA and Congress to initiate rulemaking and introduce legislation that would modernize the mission of the FHLB system.

Caution:

*In the process of looking to modernize the FHLB system, we need to ensure that the system maintains the foundation of its extremely successful mission over the past 90 years, which is the ability to **inject liquidity or ensure a liquidity backstop** continues to exist to provide stability to the financial services marketplace. The partnership with FHL Banks allows member credit unions to meet the funding needs in their communities, and this is truer today as the FHLB system continues to offer access to liquidity even as other sources of liquidity such as member deposits are beginning to be spent down or are being moved to savings products offering higher yields. If this liquidity access was not available, it would make it much harder for credit unions to make loans and institutions would have to scale back on many services that their members depend on as well as those that make a real difference in the communities they serve.*

Talking Points:

- As Congress and the FHFA begin to review modernization options in accordance with the report, we request that the original mission of the FHLB remains strong, which is providing a liquidity backstop for the nation's financial institutions.
- Urge Congress to expand access to FHLB membership to include all insured depositories regardless of lending mix.
- Do not require tracking of advance proceeds, mission tests, or collateral tests to maintain FHLB membership.
- Credit unions are excited to work with Congress and the administration to improve the Affordable Housing Program included in the mission of the FHLB, without impacting the successful liquidity mission of the FHLB system.

Credit Union Stadium Naming Rights

Background: Two recent, largely unsubstantiated opinion pieces the bank lobby managed to have published in the Arizona Republic, call into question credit unions' tax exemption due to the fact that some credit unions have entered naming rights agreements with university and entertainment venues. These agreements actually support investments back into universities and communities. Both Op-eds made the unfounded assumption that credit unions use fees collected, such as non-sufficient funds and overdraft charges, or their tax exemption, as a means to fund these partnerships. Credit unions' not-for-profit, cooperative structure is what determines how they are taxed, not the services or products they provide. In response to the article, GoWest submitted a piece that underscores the not-for-profit, member-owned structure of credit unions. It also highlights the tangible value credit unions consistently deliver to their members and the significant impact they make within the communities they serve. You can read it [here](#).

For your background, here are links to the banks' Op-eds:

- [Arizona/Utah Bankers Association](#)
- [American Bankers Association](#)

Talking Points:

- Banks have used innuendo to allege that credit unions have used their tax savings to purchase naming rights at sports and entertainment venues. The point they're overlooking is that such partnerships are about more than a sign on the venue.

- Through university partnerships, credit unions are investing in students and in the future which aligns with the credit union mission of people helping people. These sponsorships enable much-needed benefits to universities and their students, such as helping to expand or continue athletic programs, funding scholarships based on financial needs, athletic ability, or academic achievement, and fostering community volunteer partnerships between the credit union and the college or university.
- Colleges and universities are economic engines in their communities, some of them the largest and most respected higher education providers in the county. They are readying the next generation to help businesses and people thrive. Investing in students is an honor, and a responsibility credit unions are proud to get behind.
- The headline isn't about the name on the arena, it's the scholarships that the partnership helps to fund, the donations made for points scored, the money invested in women's and men's athletics, and the facilities that are improved to benefit the entire community.

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GO TOGETHER.

