November 21, 2023

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: NCUA Staff Draft 2024-2025 Budget Justification

Dear Board Members:

Thank you for the opportunity to comment on the NCUA's Staff Draft 2024-2025 Budget Justification (the Budget). Ensuring the NCUA is adequately funded and the Budget prioritizes key credit union system needs are critical. Two areas of work it is vital the NCUA take on to ensure credit unions are prepared to effectively serve people of modest means for years to come are: a meaningful response to the climate crisis and assistance to ensure the growth and success of small and MDI credit unions. We encourage NCUA to specifically dedicate funding to building the agency's capacity to respond to—and to support credit unions responding to—climate-related financial risk and are heartened to see the Budget proposes increasing assistance to small and MDI credit unions.

About Inclusiv
Inclusiv is the national network of community development credit unions committed to promoting financial inclusion and equity through credit unions. The Inclusiv network represents more than 500 credit unions serving more than 20 million people in predominantly low-income urban, rural, and reservation-based communities across 47 states, Washington DC, the U.S. Virgin Islands and Puerto Rico. Inclusiv channels capital to and the builds capacity of these institutions that are dedicated to serving low-income people and redlined and disinvested communities that mainstream financial institutions fail to serve.

Climate-Related Financial Risk
The NCUA has a critical role to play in helping the credit union system prepare for climate-related financial risk. To advance this work, the agency should:

- **Create a Climate Resilience Office at the NCUA.** Hire staff with the expertise necessary to help strengthen the credit union system across the country by providing critical guidance to prepare credit unions for climate risk and respond to and recover from natural disasters and other climate events. The resources provided by this office would enable the NCUA to embed the structure for credit unions to manage disaster recovery, climate resilience, and green lending opportunities, including in coordination with the goals of the Administration and the efforts of other agencies, such as FEMA, Treasury, USDA, and HUD.
- Under the guidance of this Climate Resilience Office, the NCUA could support credit unions' development of **Climate Resilience Business Continuity and Recovery Plans** that will not only decrease risks to the Share Insurance Fund but also increase the number of credit unions that

can support their communities as financial first responders during climate disasters. The shortest path for credit unions to achieve this could be for the NCUA to guide credit unions to adapt the "Business Continuity Plan" and the "Disaster Recovery Plan" to integrate climate-related physical risks. We encourage the NCUA to include in the upcoming budget, funds to provide in-depth training and ongoing support to credit unions as they start to learn about how to assess their climate risk and develop these plans; and

- **Invest in examiner training** to ensure that all examiners understand how to fairly evaluate the financial returns and any related risks as credit unions expand their key green loan product offerings. Currently, many credit unions offer "green loans" to finance clean energy, resiliency, and energy efficiency, which can help members lower their energy costs throughout the year, access emergency back-up power, and complete building improvements that create more resiliency against wildfires, floods, hurricanes, and other climate events. It is anticipated that credit union green lending will increase in 2024 because the U.S. Inflation Reduction Act has designated $27 billion through the Greenhouse Gas Reduction Fund for community-based lenders, such as credit unions, to access in the forms of capitalization funding and technical assistance and deploy to their members as loans for green projects. Hundreds of credit unions around the country will be called upon to serve a critical implementation roll for the Greenhouse Gas Reduction Fund by providing green loans to their fields of membership.
- NCUA staff also have a vital role to play in guiding credit unions on best practices in consumer protection with this anticipated expansion of credit union green lending, and we encourage the NCUA to include green lending consumer protection as part of the planned expansion of the agency's consumer compliance staff. Specifically, by establishing a **dedicated fund to provide technical assistance to small and MDI credit unions and offering guidance on implementing and enhancing consumer protection measures related to green lending**. This guidance may include support for robust disclosures practices, fair lending practices, and transparent communication.

Support for Small and MDI Credit Unions

The NCUA provides critical support for small and MDI credit unions already and there are myriad opportunities for the NCUA to deepen this work and advance financial inclusion in historically redlined and other underserved communities. By increasing supports and staffing in the CURE office and other teams working with small and MDI credit unions, the NCUA can:

- Make technical assistance for small credit unions and MDIs more accessible and engage in concerted outreach to ensure all eligible credit unions are aware of the services offered;
- Ensure examination staff working with very small ($10 million or less in assets) credit unions are trained in their unique business model and are able to offer tailored recommendations for these important institutions; and
- Increase supports for field of membership expansion by continuing to identify opportunities for credit unions to expand, supporting their underserved area analysis, and providing appropriately scaled example business plans for small credit unions to guide small and MDI credit unions through the application process. Dedicating additional staff to reviewing field of membership applications would also be very helpful as many applicants report waiting more than a year for determinations on their field of membership applications.

Thank you for the opportunity to comment on these critical aspects of the Budget. Please contact Alexis Iwanisziw, SVP Policy and Communications (aiwanisziw@inclusiv.org) with any questions about these comments.

Sincerely,

Cathleen A. Mahon
CEO/President, Inclusiv