DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
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July 14, 2026

The Honorable Scott Bessent
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Request to Withdraw the CDFI Fund's New Five-Year Recertification Requirement

Dear Secretary Bessent:

On behalf of the Defense Credit Union Council (DCUC), I respectfully request that the Department of the Treasury immediately suspend and withdraw Section 5.19(a) of the Community Development Financial Institutions Fund's May 2026 revised CDFI Certification Agreement. That provision limits certification to five full, consecutive fiscal years and requires a certified CDFI to submit a new certification application at the end of its fourth full fiscal year. This is a substantive, recurring condition on participation in the CDFI program—not a technical contract revision—and it should not be implemented without a clear public rationale, meaningful stakeholder engagement, and a demonstration that the new burden produces a corresponding benefit.

DCUC represents more than 200 defense-focused credit unions serving over 40 million members, including active-duty servicemembers, veterans, civilian defense personnel, and their families. Many of our member credit unions are certified CDFIs or serve military-adjacent, rural, and economically distressed communities that benefit directly from CDFI-supported small-dollar lending, affordable housing finance, small-business capital, financial counseling, and community investment.

A Duplicative, Recurring Requirement

DCUC supports strong program integrity and effective stewardship of taxpayer resources. We have consistently urged Treasury to use oversight that is targeted, transparent, practical, and grounded in clear standards. The five-year reapplication requirement does not advance that objective. Certified CDFIs are already required to submit an Annual Certification and Data Collection Report and a Transaction Level Report, disclose material events, maintain supporting records, respond to additional information requests, and remain subject to desk audits, on-site reviews, noncompliance findings, and termination of certification. The governing regulation likewise authorizes the CDFI Fund to review certification status from time to time and obtain any information needed to confirm continued eligibility.

A universal, full reapplication every five years therefore duplicates tools Treasury already possesses. The Fund's 2022 Certification Agreement template reflected the more sensible approach: certification remained in effect unless the institution failed to maintain applicable requirements. The current general reapplication of legacy CDFIs was presented as a transition to revised standards. Section 5.19 now makes that intensive exercise permanent and recurring, even for institutions that file complete annual reports, remain in good standing, and present no heightened compliance risk.

This result is also difficult to reconcile with the Administration's stated policy of alleviating unnecessary regulatory burdens and reducing private compliance expenditures. A recurring, institution-wide application that largely re-documents information already available through annual reporting is precisely the type of process that should be streamlined, not multiplied.

Impact on Credit Union Participation

The revised certification process is already highly demanding. Credit unions must assemble and validate transaction-level lending data, demonstrate compliance with Target Market benchmarks, document mission and accountability requirements, analyze products and responsible financing practices, address affiliate and collective-review issues where applicable, and obtain executive and board-level review. These tasks consume substantial staff time and frequently require outside legal, data, or consulting support. The burden falls most heavily on smaller and midsize credit unions—the institutions often closest to the communities the CDFI program is intended to reach.

The CDFI Fund is still processing the current reapplication cycle and publicly acknowledges a considerable application backlog for which it cannot provide an estimated decision timeline. Creating a permanent five-year cycle will institutionalize that backlog, force compliant institutions into a recurring queue, and create continuing uncertainty around certification-dependent awards and business planning.

The enclosed July 13, 2026 correspondence from CU Strategic Planning provides concrete evidence of the participation risk. Based on its work with hundreds of credit unions, the firm reports that more than a dozen client institutions voluntarily declined to pursue recertification because the administrative requirements had become disproportionate to the benefits. It also reports an approximately 22 percent decline in the number of certified credit unions appearing on the CDFI Fund's published lists between January and June 2026. These institutions did not abandon their community-development missions; rather, the compliance burden changed the cost-benefit calculation of maintaining federal certification.

A credit union that leaves the CDFI program may continue serving its members, but it loses or narrows access to federal awards, technical support, and the CDFI designation's ability to attract complementary public, private, and philanthropic capital. Recurring full reapplication will also discourage otherwise eligible credit unions from entering the program in the first place. The result is a smaller and less diverse CDFI network, with community-based credit unions disproportionately screened out by process rather than mission or performance.

Impact on Military and Underserved Communities

CDFI certification is not merely a label. It is an eligibility gateway for important CDFI Fund programs, including programs that help certified institutions establish or expand affordable small-dollar loans for unbanked and underbanked consumers. DCUC member credit unions have used CDFI resources to open and sustain access points in banking deserts, provide emergency credit to military families, finance first-time homebuyers and affordable housing, support veteran and military-spouse entrepreneurs, and deliver financial education and counseling tailored to the realities of military life.

When a credit union decides that certification is no longer administratively viable, the effect is felt well beyond the institution. There is less capacity to offer safe alternatives to high-cost lenders, less capital for locally owned businesses, fewer resources to serve rural and low-income areas near military installations, and less ability to scale financial-readiness programs. For servicemembers and their families, financial readiness directly supports mission readiness. Treasury should not allow avoidable bureaucratic friction to reduce the number of regulated, member-owned institutions able to participate in this work.

Requested Action

Accordingly, DCUC respectfully requests that Treasury take the following actions:

Suspend and withdraw Section 5.19(a). Pause all five-year reapplication clocks and restore continuing certification for institutions that remain compliant with applicable requirements.

Rely on annual reporting and risk-based oversight. Use the ACR, TLR, material-event reporting, data validation, and targeted reviews to identify institutions that warrant additional scrutiny. Reserve a full reapplication for material organizational changes, demonstrated noncompliance, or a substantive change in certification standards.

If periodic renewal is retained, replace full reapplication with a streamlined process. Publish the policy rationale and estimated burden, solicit stakeholder input, prepopulate renewal materials with data already held by the Fund, require only new or changed information, and guarantee automatic continuation of certification and award eligibility while a timely renewal is under review.

We also request that Treasury convene a meeting with DCUC, CDFI credit unions, and other affected stakeholders before the Fund takes further implementation steps. Credit unions can help Treasury design a framework that protects program integrity without driving capable, mission-focused institutions out of the program.

Thank you for your attention to this matter and for your leadership of programs that expand economic opportunity in communities too often overlooked by traditional finance. DCUC stands ready to work with you and the CDFI Fund on a practical, accountable solution. Should you or your staff have any questions, please contact me at 202.557.8528 or jstverak@dcuc.org.

Sincerely,

Jason Stverak
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