



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW  
Suite 935  
Washington, DC 20006

202.734.5007  
www.d cuc.org

**Anthony Hernandez**  
*President and CEO*

**September 7, 2025**

**The Honorable Bill Pulte**

Director, Federal Housing Finance Agency  
400 7th Street, S.W.  
Washington, D.C. 20219

Dear Director Pulte,

I write on behalf of the Defense Credit Union Council (DCUC) in response to your recent public remarks on X (Twitter) questioning credit unions' performance in housing lending and fraud prevention. As President and CEO of DCUC – representing over 200 credit unions serving our nation's military and veteran communities – I appreciate the opportunity to provide clarity, context, and data on this matter. Credit unions play a vital role in our housing finance system, and the record shows they have excelled in mortgage lending and member protection. I respectfully offer the following information in hopes of constructively addressing your concerns and strengthening collaboration between regulators and the credit union sector.

**Credit Unions' Strong Track Record in Mortgage Lending:** Credit unions today serve approximately 144 million members nationwide, including millions of military families. Our member-owned, not-for-profit institutions have a proud history of prudent mortgage lending that balances access to credit with sound underwriting. During the 2007–2009 housing crisis, credit unions notably **fared much better than banks** in mortgage performance. With a comparable number of institutions, **only 2.0% of credit union mortgages were delinquent, versus 7.3% of bank mortgages**, and **64 credit unions failed compared to 331 bank failures**. Just **48 credit unions required \$69 million in public assistance, versus 710 banks receiving \$236 billion** in bailouts. A key reason was credit unions' conservative lending approach – on the eve of the crisis, just **3.6% of credit union mortgages were subprime, compared to 23.6% at banks**. This stark contrast underscores how credit unions' member-centric mission and ethical standards result in more responsible mortgage lending. Unlike stockholder-owned banks that may feel pressure to maximize short-term profits, credit unions focus on their members' long-term financial well-being and deliberately avoid unsustainable, high-risk loans. The outcome has been **consistently lower default rates and fewer foreclosures** than other lenders, a trend that continues to this day.

Our defense credit unions are deeply committed to helping members attain the dream of homeownership in a safe, affordable manner. Pentagon Federal Credit Union (PenFed), the nation's fourth federal credit union, likewise serves 1.8 million members worldwide with a full suite of mortgage products. PenFed has long been a leading lender for VA home loans and other mortgage programs tailored to military and middle-class borrowers, all while keeping delinquency rates impressively low. These examples from our DCUC member institutions illustrate the broader reality: **credit unions are not only active participants in the housing market, but they excel at it** by combining competitive rates with prudent underwriting and personalized member service.

*Serving Those Who Serve Our Country*

**High Quality and Low Delinquency Rates:** Industry data confirm that credit unions' mortgage lending performance remains strong. As of the end of 2024, the overall delinquency rate on loans at federally insured credit unions was **just 0.98%** – still under 1%, even amid economic headwinds. Serious delinquencies on credit union mortgages are especially low: in mid-2023, only **0.33% of credit union mortgage borrowers were 60+ days past due**. By comparison, the **average mortgage delinquency rate across all lenders nationwide was 3.88% at the end of 2023**, with certain segments (e.g. FHA loans) seeing double-digit delinquency percentages. The fact that credit union mortgage delinquencies remain a fraction of industry averages speaks to **the quality of credit union loan portfolios and diligent servicing practices**. Our institutions have maintained sound credit standards and take proactive steps to work with any member who shows signs of financial distress – often intervening early with financial counseling, loan modifications, or emergency assistance to prevent defaults. This member-focused, early-intervention approach helps explain why **credit union loans consistently perform better and experience lower charge-off rates than those of other lenders**. Additionally, credit unions today are very well-capitalized and financially resilient, with the system net worth rising to \$255 billion (5.9% higher year-over-year). In short, by any objective measure – **delinquency rates, borrower satisfaction, or safety and soundness** – credit unions have demonstrated exceptional performance in mortgage lending while upholding high ethical standards. We take pride in financing homes for our members in a responsible manner, and we welcome oversight that ensures these standards remain rigorous.

**Robust Fraud Prevention and Member Protection:** You also raised concerns about fraud prevention, and I want to emphasize that credit unions share your commitment to combating fraud. Protecting our members – many of whom are military families – from financial fraud and abuse is absolutely central to our mission. Credit unions are investing heavily in advanced fraud prevention tools and collaborative strategies to stay ahead of bad actors. For instance, defense credit unions have been **early adopters of AI-driven fraud detection technologies**. In 2024, **Launch Credit Union in Florida deployed an AI platform that successfully stopped check and card fraud attempts, saving over \$3.5 million in losses**. PenFed Credit Union similarly leverages machine-learning solutions (through its partnership with Point Predictive) to scrutinize loan applications and detect anomalies, adding extra layers of security for members.. These kinds of outcomes reflect how seriously credit unions are combating fraud on all fronts – technologically and operationally.

Equally important, credit unions leverage their unique strengths as community-focused institutions to fight fraud. Unlike at giant banks, our employees tend to personally know many of our members, which can be a powerful asset in fraud detection. Staff at local credit unions often recognize when a transaction or loan application seems out of character for a member and can **spot red flags early on thanks to that intimate familiarity**. We pair this human touch with aggressive **member education programs**. Many credit unions (especially those serving military bases) host regular fraud awareness seminars, send out scam alert newsletters, and even hold in-branch workshops to teach members how to recognize and avoid common scam tactics. By empowering our members with knowledge, we amplify the overall fraud defenses – an educated member is less likely to fall victim to a scam in the first place. This proactive educational approach has been particularly important for protecting senior veterans, who are often targeted by scammers. In a 2024 letter to Congress, DCUC highlighted the need for “robust education and awareness programs” for veterans and their families, and our member credit unions collectively offer numerous tools to help veterans monitor their accounts and prevent fraud. We also **work closely with partners such as military base commanders, the VA, and veteran service organizations** to coordinate fraud prevention efforts. These partnerships enhance our ability to create comprehensive solutions for the unique financial challenges faced by servicemembers and veterans, ensuring no one falls through the cracks.

Furthermore, credit unions collaborate extensively with regulators and law enforcement on fraud prevention initiatives. We adhere to all Bank Secrecy Act/AML requirements for reporting suspicious activities, and we support inter-agency efforts to crack down on fraud rings. DCUC has even advocated for new legislative tools – for example, we strongly back the proposed **TRAPS Act**, which would improve inter-agency information sharing and give financial institutions greater ability to freeze and investigate suspected fraudulent transactions. Simply put, **we are not complacent**: while fraudsters’ tactics evolve, credit unions are constantly strengthening their defenses through better technology, member engagement, and regulatory partnership.

**Serving Those Who Serve Our Country – A Trusted Partner:** As DCUC members, our credit unions have a special duty to the men and women in uniform who entrust us with their finances. We take that duty extremely seriously. Credit unions consistently go above and beyond to comply with the Military Lending Act and Servicemembers Civil Relief Act protections for our military consumers. Whether it’s offering emergency relief loans during a PCS move or financial counseling pre-deployment, credit unions have proven time and again that we put our members’ interests first. Our not-for-profit model allows us to reinvest earnings into better rates, lower fees, and community support programs, rather than extracting profits. This **member-first service model** is exactly why credit unions continue to earn higher trust and satisfaction ratings from consumers compared to for-profit banks. It is also why credit unions are often described as **partners** rather than mere providers – we stand beside our members through life’s challenges.

In light of this demonstrated record, I respectfully push back on the notion that credit unions are underperforming in housing finance or lax on fraud. The evidence shows the opposite – **that credit unions have been leaders in responsible mortgage lending and in protecting consumers**, including vulnerable groups like military families and seniors. Nevertheless, we fully acknowledge that there is always room for improvement. We share your goal of ensuring that every American family can achieve sustainable homeownership in a secure financial system. To that end, I want to **underscore DCUC’s commitment to forward-looking collaboration** with our regulators. We value our close working relationship with the National Credit Union Administration (NCUA), our prudential regulator, and we likewise view FHFA as a critical partner in housing finance oversight. Credit unions, NCUA, and FHFA all ultimately serve the same public interest – a safe, fair, and accessible mortgage market. I believe there is much we can learn from one another. For example, DCUC welcomes FHFA’s initiatives to curb mortgage fraud; we would be eager to contribute credit unions’ perspective to any interagency fraud task forces or information-sharing programs FHFA convenes. We also invite continued dialogue on how credit unions can further support affordable housing goals. Our sector’s experience in serving first-time and military homebuyers could be informative as FHFA looks at GSE policy or pilots aimed at expanding homeownership. In short, **we stand ready to work hand-in-hand with both FHFA and NCUA** to continuously strengthen mortgage lending performance and fraud prevention across the board.

cc: The Honorable Kyle S. Hauptman, Chairman, National Credit Union Administration

To facilitate this collaboration, I respectfully request an in-person meeting with you at your earliest convenience. I would welcome the chance to discuss these issues in detail, share additional data or case studies from our member credit unions, and explore concrete ways we can partner with FHFA going forward. Open communication will help clear up misunderstandings and identify productive solutions. Director Pulte, your leadership in spotlighting mortgage fraud is commendable, and I am confident that by working together, we can ensure credit unions remain part of the solution. Thank you for considering this response and for your dedicated service in safeguarding our nation's housing finance system. I look forward to the opportunity to meet with you and further our constructive engagement.

Sincerely,



**ANTHONY R. HERNANDEZ, Colonel, USAF (Ret)**

President & CEO

Defense Credit Union Council

cc: The Honorable Kyle S. Hauptman, Chairman, National Credit Union Administration