



Center for American Progress
1333 H Street NW, Suite 100E
Washington, DC 20005
202.682.1611
americanprogress.org

June 26, 2023

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
Via: <https://www.regulations.gov>

Re: Request for Information and Comment on Climate-Related Financial Risk

Dear Ms. Conyers-Ausbrooks:

The Center for American Progress (CAP) welcomes the opportunity to submit comments to the National Credit Union Administration's (NCUA) request for information (RFI) and comment titled "Climate-related Financial Risk."¹

CAP is an independent, nonpartisan policy institute dedicated to improving the lives of all Americans through bold, progressive leadership and action.

Introduction

We applaud the NCUA for taking steps to better understand and address climate-related financial risks and support a safe, sound, and inclusive financial system. Credit unions are important players in the U.S. economy, often offering comparatively lower-cost financial products and providing services to areas and communities overlooked by larger, commercial financial institutions. Credit unions are already facing the well-documented reality of climate-related financial risks as more frequent and destructive billion-dollar extreme weather disasters fueled by climate change are now occurring annually.²

Credit unions play an essential role in the financial system and the communities where they are located. Federally insured credit unions served 135.3 million members in 2022, more than a third of the U.S. population.³ Their non-profit, cooperative membership structure allows for

¹ National Credit Union Administration, "Climate-related Financial Risk", available at <https://ncua.gov/files/agenda-items/climate-financial-risk-rfi-20230420.pdf>

² National Centers for Environmental Information, "Billions," 2023, available at <https://www.ncei.noaa.gov/access/billions/>.

³ National Credit Union Administration, "Quarterly Credit Union Data Summary: 2022 Q4", available at <https://ncua.gov/files/publications/analysis/quarterly-data-summary-2022-Q4.pdf>; United States Census Bureau, "Happy New Year 2022!" available at <https://www.census.gov/library/stories/2021/12/happy-new-year-2022.html>

lower costs and narrow operating margins, benefiting members. Credit unions' mission to serve members "of modest means" is carried out through the NCUA's targeted support for underserved communities.⁴ Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs), and the low-income credit union designation support communities that would be otherwise underserved. However, the role of credit unions in financial inclusion also contributes to their unique vulnerability to climate change.

This RFI is a critical first step toward understanding the breadth of challenges credit unions face in managing their climate-related financial risks. To fulfil its mission of "protecting the safety and soundness" of credit unions, their members, and consumers, we encourage the NCUA to quickly follow up on this RFI with supervisory guidance and weigh other steps it can take to help supervised institutions manage and mitigate their exposure to such risks. The following comments are organized to address the request for information questions thematically.

Physical and Transition Risk

Physical Risk

According to an analysis by Ceres, "60% of all U.S. credit unions and at least \$1.2 trillion in credit union assets are at physical risk due to acute and chronic climate-related weather events and hazards."⁵ Moreover, more frequent and intensifying billion-dollar extreme weather disasters fueled by climate change caused damages totaling about \$175.2 billion in 2022 alone.⁶ These events affect large swaths of the United States, with more than 40% of Americans living in a county that experienced climate-related extreme weather in 2021.⁷

The effects of a worsening climate crisis can disrupt financial institutions' abilities to effectively serve U.S. households, businesses, and the broader economy, in addition to threatening communities, livelihoods, and public health and safety. These physical risks can include damage to assets that serve as collateral for loans, such as homes and businesses. Additionally, operational risk occurs when critical infrastructure that credit unions rely on is disrupted. For example, in 2021 Southeast Texas experienced unprecedented winter storms that brought snow,

⁴ National Credit Union Administration, "Serving the Underserved" available at <https://ncua.gov/support-services/credit-union-resources-expansion/field-membership-expansion/serving-underserved> (last accessed June 2023).

⁵ Ceres Accelerator for Sustainable Capital Markets and Filene Research Institute, "The Changing Climate for Credit Unions," (2022), available at https://www.ceres.org/sites/default/files/reports/2022-05/561_The%20Changing%20Climate%20for%20Credit%20Unions.pdf

⁶ National Centers for Environmental Information, "Billions," 2023, available at <https://www.ncei.noaa.gov/access/billions/>.

⁷ Sarah Kaplan and Andre Ba Tran, "More Than 40 Percent of Americans Live in Counties Hit by Climate Disasters in 2021," *The Washington Post*, January 5, 2022, available at <https://www.washingtonpost.com/climate-environment/2022/01/05/climate-disasters-2021-fires/>

sleet, and extreme cold, leading to widespread power outages and road closures.⁸ As part of the power outages, computer servers had critical issues, interrupting credit unions' online services.⁹

Physical risk can also create longer term issues with asset quality due to business failures, disrupted income streams, higher operating costs, job losses, and damage to uninsured collateral.¹⁰ Furthermore, increased premiums and, in some cases, the withdrawal of insurance coverage reduce the risk borne by insurers for assets on NCUA balance sheets, which can result in higher credit costs and/or reduced availability of credit. For example, State Farm and Allstate recently ended new coverage policies in the state of California.¹¹

The threat of physical risk due to climate-induced natural disasters is particularly concerning for credit unions, where roughly half of loans made are tied to real estate and about a third to automobiles.¹² These assets are vulnerable to physical damage by climate-related disasters in which borrowers cannot repay loans due to productivity losses or where the assets lose value or are destroyed. A recent analysis showed that 25% of credit unions and 34% of assets are located in areas designated by the Federal Emergency Management Agency's National Risk Index as "relatively high" or "very high" risk level for natural hazards.¹³ A study of credit unions after Hurricane Harvey in 2017 showed that flooded homes and other storm damages were associated with a loan loss increase of roughly 14% over the following two years, with a significant devaluation of homes.¹⁴

In response to **Question 3** from page 25030 of the Federal Register, the effects of climate change are greater for Black and African American, Hispanic and Latino, and American Indian and Alaskan Native individuals, according to the Environmental Protection Agency report on the

⁸ National Weather Service, "Valentine's Week Winter Outbreak 2021: Snow, Ice, & Record Cold," available at <https://www.weather.gov/hgx/2021ValentineStorm> (last accessed June 2023).

⁹ Michael Ogden, "Storms Freeze Online Banking for Unclear Number of Fiserv Credit Unions," *Credit Union Times*, February 18, 2021, available at <https://www.cutimes.com/2021/02/18/storms-freeze-online-banking-for-unclear-number-of-fiserv-credit-unions/?slreturn=20230507115751#:~:text=Earlier%20this%20week%20online%20banking%20services%20at%20a,our%20clients%20and%20their%20members%20for%20the%20inconvenience>

¹⁰ Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, National Credit Union Administration, "Interagency Supervisory Examiner Guidance for Institutions Affected by a Major Disaster," (2017), available at <https://ncua.gov/files/press-releases-news/SL-17-02-examiner-guidance-institutions-affected-major-disaster-enclosure.pdf>

¹¹ Ryan Mac, "Allstate is No Longer Offering New Policies in California," *New York Times*, June 4, 2023, available at <https://www.nytimes.com/2023/06/04/business/allstate-insurance-california.html>

¹² National Credit Union Administration, "NCUA Financial Trends in Federally Insured Credit Unions- Dec 31, 2019," (2019) available at <https://ncua.gov/files/publications/analysis/chart-pack-2019-q4.pdf>

¹³ National Credit Union Administration, "Estimating Credit Union Exposure to Climate-Related Physical Risks," (2023), available at <https://ncua.gov/news/publication-search/climate-financial-risk/estimating-credit-union-exposure-climate-related-physical-risks>; United States Environmental Protection Agency, "Climate Change and Social Vulnerability in the United States: A Focus on Six Impacts," (2021), available at https://www.epa.gov/system/files/documents/2021-09/climate-vulnerability_september-2021_508.pdf

¹⁴ James Slaydon and Gevorg Sargsyan "Hurricane Harvey's Impact on Households Disposable Income and Real Estate Values in the Southeast Texas Region," *Journal of Finance and Accountancy*, (27), available at <https://www.aabri.com/manuscripts/193115.pdf>

consequences of climate change for socially vulnerable populations.¹⁵ Historical segregation and redlining practices have created a situation today in which Black and African American individuals are 40% more likely to live in an area with the highest projected mortality rate increases and 34% more likely to live in areas with the highest projected childhood asthma diagnoses compared to all other races and ethnicities in the study. Additionally, Hispanic and Latino individuals are 43% more likely to reside in areas where climate-driven temperature increases will lead to losses in work compared to all other groups. Moreover, American Indian and Alaska Native individuals are 48% more likely to reside in locations where sea level rise threatens inundation.¹⁶ When severe climate-related disasters occur, vulnerable populations, including those served by MDIs and CDFIs, are most likely to have property damage, partly because of the history of racist redlining practices, and exacerbated by blue-lining practices that make accessing financing for risk mitigation more difficult.¹⁷ For example, financial institutions engage in “blue-lining” when they refuse to lend in certain neighborhoods due to the area’s heightened risk for climate-related disasters. Due to the nature of credit unions, whose membership is often concentrated in a physical locality, assets are more likely to have a geographic concentration that is more vulnerable to physical and transition risks.

Transition Risk

In addition to these physical risks, credit unions face climate-related transition risks as consumers and investors increasingly prefer greener companies and governments implement policies that facilitate the transition to a low-carbon economy. This transition to clean, renewable energy sources is changing labor markets, infrastructure, and technology.¹⁸ As the economy decarbonizes, assets held by companies in carbon-intensive industries may be at risk of becoming partially or fully stranded and, in turn, affect borrowers’ ability to meet their financial obligations. Credit unions’ membership concentration, often based on occupation or geography, can worsen the impact of transition risks on their loan portfolios. A conservative estimate found that \$141 billion in assets held by credit unions face significant risk due to their close alignment with carbon-intensive industries and are especially vulnerable to transition risk.¹⁹

The NCUA can play a critical role in helping credit unions identify and address physical and transition risks by issuing guidance and leveraging their relationships with individual credit

¹⁵ National Credit Union Administration, “Climate-related Financial Risk”, available at <https://ncua.gov/files/agenda-items/climate-financial-risk-rfi-20230420.pdf>

¹⁶ United States Environmental Protection Agency, “Climate Change and Social Vulnerability in the United States: A Focus on Six Impacts,” (2021), available at https://www.epa.gov/system/files/documents/2021-09/climate-vulnerability_september-2021_508.pdf

¹⁷ Ibid.

¹⁸ Marc Jarsulic, “Investing to Be Competitive: The New U.S. Industrial Strategy,” (Washington: Center for American Progress, 2023), available at <https://www.americanprogress.org/article/investing-to-be-competitive-the-new-u-s-industrial-strategy>

¹⁹ Ceres Accelerator for Sustainable Capital Markets and Filene Research Institute, “The Changing Climate for Credit Unions,” (2022), available at https://www.ceres.org/sites/default/files/reports/2022-05/561_The%20Changing%20Climate%20for%20Credit%20Unions.pdf

unions. Regulators interact with credit unions through the examination process and can help guide credit unions in their understanding of risk.²⁰ These examiner interactions are an opportunity for constructive engagement and guidance. Given the physical and transition risks of membership concentration, the NCUA can support membership expansion. A broader membership can aid diversification of asset portfolios. The NCUA might consider geographic expansion to help diversify and offset the concentration of assets vulnerable to physical and transition risks. Credit unions can also support member and community utilization of federal and state programs to electrify and weatherize homes and to invest in resiliency and adaptation measures. Finally, a key strength of credit unions, providing financial literacy for their members, can be expanded to help members address their own risks through mitigation and resiliency efforts.²¹

Risk Management

Currently, not all credit unions are identifying climate-related financial risk across traditional areas of credit, interest rate, liquidity, transaction, strategic, reputational, and compliance risks. Supervisory and regulatory guidance is necessary to support credit unions in managing climate-related financial risk and its interactions with other risks faced by credit unions. As risks and losses rise, the cost of and access to credit will become more difficult. A system wide NCUA analysis and forecast, using data from individual credit unions, would help inform credit unions, their customers, regulators, and policy makers about what to expect.

Supervision and Guidance

Supervisory guidance could help credit unions incorporate risk considerations into their planning and governance activities. Supervision should include tailored guidance and examiner interaction that addresses the variability among credit unions dependent on location, membership profiles, asset types, and size. Additionally, guidance and examiner interaction should be tailored to non-traditional lending decisions. Guidance should explain how credit unions should begin identifying and considering climate risk in their actions and portfolios. This could include expanding climate-related information requested from borrowers during the lending process. Finally, the NCUA should look to proposed climate-related financial risk management principles put out by the Federal Reserve, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.²² Although those principles target the largest financial institutions, they could be adapted for credit unions with some tailoring.

²⁰ National Credit Union Administration, “Examiner’s Guide,” available at <https://ncua.gov/regulation-supervision/manuals-guides/examiners-guide> (last accessed June 2023).

²¹ American’s for Financial Reform, “Letters to Regulators: Comment Letter on NCUA 2022-2026 Draft Strategic Plan,” (2022), available at <https://ourfinancialsecurity.org/2022/01/letters-to-regulators-comment-letter-on-ncua-2022-2026-draft-strategic-plan/>

²² Lilith Fellowes-Granda, “CAP Comments on the Fed’s Proposed Climate-Related Risk Management Principles for Large Banks,” (Washington: Center for American Progress, 2023), available at <https://www.americanprogress.org/article/cap-comments-on-the-feds-proposed-climate-related-risk-management-principles-for-large-banks/>

Climate-related disclosures in call reports

Regulators can require credit unions to publicly disclose information about their climate-related financial risks through call reports. Line items could be added to each applicable schedule that detail assets subject to physical or transition risk. These risks could be broken down by extreme weather events, carbon-intensive industries, and electricity generation. Additional items could include climate-related governance, risk management practices, targets and goals, and potential portfolio environmental impacts. Disclosure can incentivize credit unions to reduce exposure, better manage risks, and help the NCUA monitor and regulate climate-related financial risk. Added line items on call reports could be implemented incrementally to give all credit unions time to become familiar with processes to identify and address risks, with guidance from regulators. Over time, as climate-related disclosure rules, such as the U.S. Securities and Exchange Commission's proposed rule, are finalized and implemented, best practices can be adapted from public companies and banks to the credit union context.²³

CAMELS Ratings

Alongside supervisory and regulatory guidance, climate-related financial risk analysis could be incorporated into CAMELS ratings.²⁴ Tying a credit union's CAMELS rating to efforts to integrate climate-related financial risk would help incentivize credit unions to prioritize such actions. Examiners assign credit unions a score of 1 (highest) to 5 (lowest) on six components—Capital adequacy, Asset quality, Management capability, Earnings quantity and quality, adequacy of Liquidity, and Sensitivity to market risk—and provide an overall composite score.²⁵ The capital adequacy score could include consideration of climate-related risks to a credit union's assets. The management capability component could incorporate policies to assess and address climate-related risks. NCUA regulators could issue new CAMELS guidance detailing how examiners may consider climate risks when evaluating and rating credit unions. This guidance could explain how climate-related concerns fit into the considerations posed by existing guidance for each component and the composite score and could provide additional climate-specific considerations.

Fair Lending

As credit unions move to address risk in their lending practices, it is essential that those actions do not worsen racial inequality or further discriminate against borrowers most affected by climate change. Unfortunately, and as previously stated, climate-induced or climate-exacerbated natural disasters and sea level rise have been found to affect low-income

²³ U.S. Securities and Exchange Commission, "SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors," Press release, March 21, 2022, available at <https://www.sec.gov/news/press-release/2022-46>.

²⁴ National Credit Union Administration, "CAMELS Rating System" (2022) available at <https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/camels-rating-system>

²⁵ National Credit Union Administration Final Rule, "CAMELS Rating System," *Federal Register* 86(205) (2021): 59282-59289, available at <https://www.govinfo.gov/content/pkg/FR-2021-10-27/pdf/2021-23332.pdf>

communities and communities of color disproportionately.²⁶ Decades of discrimination and racist housing policies have segregated people of color, particularly Blacks, into neighborhoods with disproportionately high levels of lead exposure, poor air quality, and toxic exposures due to their proximity to landfills, hazardous waste sites, and other industrial facilities.²⁷ Additionally, low-income and Black and Hispanic households face greater challenges adapting to climate change because of less access to insurance and credit.²⁸

Credit unions are well placed to serve low-income and under-resourced populations, especially through MDIs, CDFIs, and low-income credit unions. However, the NCUA must ensure regular and consistent fair lending through supervisory and examination processes. Credit unions may inadvertently engage in discriminatory practices, including blue-lining, when addressing climate-related financial risks. In a NCUA survey of MDIs, one of the most cited concerns was “staying abreast of regulatory compliance issues.”²⁹ Credit unions that lack the capital to invest in highly quantitative lending analyses may be especially vulnerable to the belief that there is a trade-off between not blue-lining and maintaining safe and sound operations. Therefore, active support for all credit unions, especially MDIs and CDFIs, is necessary. For example, guidance on the Equal Credit Opportunity Act Nondiscrimination Requirements could be updated to include potential blue-lining and other climate-specific fair lending risks.³⁰ Additionally, as part of any new guidance, regulators should discuss balancing climate risk mitigation and the duty to ensure continued access to affordable credit in climate-affected communities. Regulators should also train examiners to recognize where discrimination may occur to help prevent fair lending violations. Finally, increased data gathering on climate risk, products, and underserved populations can be used to identify trends and risks, while providing support and learning opportunities for a broader credit union audience. Discriminatory lending, especially within the context of the systemic effects of climate change on low-income communities and communities of color, will require a whole-of-government effort to address.

²⁶ See, for example, Maya Buchanan and others, “Sea Level Rise and Coastal Flooding Threaten Affordable Housing,” *Environmental Research Letters* 15 (12) (2020), available at <https://iopscience.iop.org/article/10.1088/1748-9326/abb266>; Jesse Keenan and Elizabeth Mattiuzzi, “Climate Adaptation Investment and the Community Reinvestment Act” (San Francisco: Federal Reserve Bank of San Francisco, 2019), available at <https://www.frbsf.org/community-development/publications/community-development-research-briefs/2019/june/climate-adaptation-investment-and-the-community-reinvestment-act/>; NYU Furman Center, “Population in the U.S. Floodplains” (New York: 2017), available at https://furmancenter.org/files/Floodplain_PopulationBrief_12DEC2017.pdf.

²⁷ Michela Zonta, “A CRA To Meet the Challenge of Climate Change,” (Washington: Center for American Progress, 2020), available at <https://www.americanprogress.org/article/cra-meet-challenge-climate-change/>

²⁸ Ruchi Avtar and others, “Understanding the Linkages Between Climate Change and Inequality in the United States” (New York: Federal Reserve Bank of New York, 2021), available at https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr991.pdf.

²⁹ National Credit Union Administration, “Minority Depository Institutions Annual Report to Congress,” (2021), available at <https://ncua.gov/files/publications/2021-mdi-congressional-report.pdf>

³⁰ National Credit Union Administration, “Equal Opportunity Act Nondiscrimination Requirements,” (2022), available at <https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/equal-credit-opportunity-act-nondiscrimination-requirements>

Examiner Training

Training NCUA examiners is integral to ensuring that credit unions take climate risks and mitigation efforts seriously. Examiners must be able to speak effectively with credit unions about the climate risks they face, how those risks can affect safety and soundness, and—because credit unions may not have sufficient resources to identify and plan for such risks on their own—resources available to help them understand how to address those risks effectively. Further, examiners should help credit unions understand how institutions may continue extending credit to vulnerable communities in a safe, sound, and nondiscriminatory manner. This could include focusing on how institutions may safely lend for the purchase and installation of residential solar panels and various weatherization activities, which are the types of long-term, uncollateralized loans that institutions are traditionally reticent to make. The NCUA could also consider providing training for racial bias in a climate context to support credit union managers.

Addressing Capacity Challenges

Institutional capacity may pose a challenge for some credit unions. The NCUA should look to broadly support credit unions with tools and resources that all credit unions, especially smaller institutions, can benefit from. Guidance geared toward banks of all sizes can also be used to inform guidance for credit unions because small banks and credit unions can face similar challenges.³¹ Internationally, and in the United States, climate scenario analysis is used by regulators to better understand and address risks for large banks.³² Going forward, these scenarios will likely provide information on a broad range of plausible outcomes concerning global emissions, tipping points, and the speed with which the global transition to clean energy occurs, and they will likely set short-, medium-, and long-term analysis windows. As larger banks develop this capacity, NCUA's regulators can learn from larger banks and identify and adapt practices for credit unions over time. Credit union capacity can also be supported by adding on-demand courses to the NCUA's Learning Management System.³³ The courses could be informed by call reports, case studies of best practices in other credit unions, and big banks' scenario analysis. These courses could be updated regularly and geared toward differing credit union needs to ensure applicability.

³¹ Lilith Fellowes-Granda and Crystal Weise, "How U.S. Regulators Can Help Community and Regional Banks Address Climate-Related Financial Risks," (Washington: Center for American Progress, 2023), available at <https://www.americanprogress.org/article/how-u-s-regulators-can-help-community-and-regional-banks-address-climate-related-financial-risks/>; Also see New York State Department of Financial Services whose preliminary guidance applies to all banks, including small banks, NYDFS, "Re: Climate Change and Financial Risks" NYDFS, October 29, 2020, available at

https://www.dfs.ny.gov/industry_guidance/industry_letters/il20201029_climate_change_financial_risks

³² Board of Governors of the Federal Reserve System, "Pilot climate Scenario Analysis (CSA) Exercise: Participant Instructions," (2023), available at <https://www.federalreserve.gov/publications/climate-scenario-analysis-exercise-instructions.htm>

³³ National Credit Union Administration, "Learning," available at <https://ncua.gov/support-services/credit-union-resources-expansion/learning> (last accessed June 2023).

Climate-Related Opportunities

A better understanding and system of supervision and regulatory guidance can also help credit unions provide products and services to the members and communities of credit unions who are driving climate-related innovation. Combining and leveraging new and existing federal programs (e.g., clean electricity tax credits, electric appliance rebates, programmatic grants, weatherization funding, and the Greenhouse Gas Reduction Fund) can help credit union loans go further and also provide complementary or secondary financing. Providing direct loans for local projects, such as energy-efficient and climate-resilient affordable housing, installation of community solar energy projects, and other activities can reduce local pollution and build community resilience to climate change.³⁴ For example, Special Purpose Credit, financial products that lend for climate resiliency and clean energy, can help mitigate and adapt to rapidly changing conditions. These loans can be especially useful for low- and moderate-income members because financing clean energy can require upfront investment, and it can be difficult to navigate the options and incentives.³⁵ Loans for products that reduce emissions, like electric vehicles, or clean energy sources, like solar and geothermal, can have special terms and rates. Furthermore, loans for weatherization or other climate adaptive measures can be provided. These products can be geared towards both households and businesses. Depository products, such as money market accounts, can be geared to responsible investing, with deposits used to fund energy efficiency products.³⁶ Credit unions can also play an important role in educating and coaching their members about how to make the most of energy efficiency programs and avoid predatory contractors.

Additionally, the newly announced Justice Climate Fund can be used by credit unions to target climate injustice, particularly for African-Americans, Latinos, and Native Indians and Alaskans.³⁷ Finally, investment areas, as designated by the Consumer Financial Protection Bureau, can also provide resources and opportunities to build greater climate resilience. Finally, credit unions could consider measuring, disclosing, and reducing their own greenhouse gas emissions, both direct and those embedded in their loan portfolios.

³⁴ Lilith Fellowes-Granda and Crystal Weise, "How U.S. Regulators Can Help Community and Regional Banks Address Climate-Related Financial Risks," (Washington: Center for American Progress, 2023), available at <https://www.americanprogress.org/article/how-u-s-regulators-can-help-community-and-regional-banks-address-climate-related-financial-risks/>

³⁵ Ceres Accelerator for Sustainable Capital Markets and Filene Research Institute, "The Changing Climate for Credit Unions," (2022), available at https://www.ceres.org/sites/default/files/reports/2022-05/561_The%20Changing%20Climate%20for%20Credit%20Unions.pdf; Kristina Zagame, "Homeowners Say It's Too Expensive to Go Solar. Can you Lower the Costs?" *EcoWatch*, October 5, 2022, available at <https://www.ecowatch.com/lowering-the-cost-of-solar.html>

³⁶ Ceres Accelerator for Sustainable Capital Markets and Filene Research Institute, "The Changing Climate for Credit Unions," (2022), available at https://www.ceres.org/sites/default/files/reports/2022-05/561_The%20Changing%20Climate%20for%20Credit%20Unions.pdf; Kr

³⁷ African American Alliance of CDFI CEOs, "Justice Climate Fund," available at <https://aaacdfi.org/justice-climate-fund/> (last accessed June 2023).

Conclusion

Climate-exacerbated wildfires, floods, and other natural disasters will greatly affect credit unions' concentrated memberships and loan portfolios. The NCUA must expeditiously help credit unions recognize and address the climate-related risks they face. It is important that NCUA follow the FSOC recommendations originally set out in 2021 for all members, and especially to “establish the infrastructure necessary to ensure that the credit union system and the NCUSIF remain resilient to climate-related financial risks.”

Thank you for your consideration of these comments. If you have any questions related to the responses outlined above, please contact Lilith Fellowes-Granda at lfellowesgranda@americanprogress.org or Crystal Weise at cweise@americanprogress.org.

Respectfully submitted,

Lilith Fellowes-Granda
Senior Policy Analyst, Financial Regulation and Corporate Governance

Crystal Weise
Research Associate, Inclusive Economy