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National Association of Federal Credit Unions | nafcu.org

February 3, 2016

The Honorable Steve Chabot
Chairman
Small Business Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nydia Velázquez
Ranking Member
Small Business Committee
U.S. House of Representatives
Washington, D.C. 20515

Re: Help Remove Barriers Preventing Credit Unions from Serving More Small Businesses

Dear Chairman Chabot and Ranking Member Velázquez:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write today as the committee prepares to mark-up tomorrow its "Views and Estimates on the President's FY 2017 Budget for the Small Business Administration."

Early last year, NAFCU and the Small Business Administration (SBA) signed a Memorandum of Understanding (MOU) aimed at improving lending to entrepreneurs and small business by getting more credit unions involved with the SBA. We formalized our national partnership to promote small business lending and help credit union member entrepreneurs obtain greater access to SBA loans. This joint effort has increased the availability of small dollar loans by providing more outlets for entrepreneurs to access SBA products while also making its products more accessible to underserved communities, including women and minorities. We are pleased to see the SBA making credit unions a priority and hope that the committee will encourage them in these efforts.

Credit unions have been and continue to be an important resource to our nation's small businesses and entrepreneurs. As a result of the close relationships credit unions maintain with their members, credit unions are often willing to assist their members in their entrepreneurial endeavors when other lenders refuse. During the economic crisis, many other lenders reduced their lending to small businesses. Credit unions not only continued to lend but increased their lending to small businesses at the time they needed it most.

Credit unions are ready, willing and able to assist our nation's entrepreneurs through their business lending programs and facilitating Small Business Administration programs. Unfortunately, credit unions are hampered in their pursuit to assist entrepreneurs because of an arbitrary cap on the credit they are able to extend to small businesses. As credit unions move closer to the member business lending cap, they are forced to not only turn away new small businesses but also, in some cases, curtail their lending to small businesses they are currently serving. Additionally, the business lending cap serves as a barrier to entry for credit unions that

wish to establish a business lending portfolio in response to the credit needs of entrepreneurs in their communities.

Although they are not before the committee, NAFCU asks committee members to support bipartisan efforts to provide relief from the credit union member business lending cap, such as H.R. 1188, the *Credit Union Small Business Jobs Creation Act*, H.R. 1422, the *Credit Union Residential Loan Parity Act*, and H.R. 1133 to exempt loans made to veterans from the cap. Enacting these bills will enable credit unions to respond to the credit needs of entrepreneurs and help them establish and grow their businesses.

Thank you for the opportunity to share our comments. Should you have any questions or require any additional information please contact me or Chad Adams, NAFCU's Associate Director of Legislative Affairs, at 703-842-2265 or cadams@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Thaler', with a long horizontal flourish extending to the right.

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Small Business Committee