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National Association of Federally-Insured Credit Unions

March 3, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Re: NAFCU Urges Support for H.R. 1471, the *Access to Credit for Small Businesses Impacted by the COVID-19 Crisis Act*

Dear Speaker Pelosi and Leader McCarthy:

On behalf of the National Association of Federally-Insured Credit Unions, I write to express our support for the bipartisan *Access to Credit for Small Businesses Impacted by the COVID-19 Crisis Act*, H.R. 1471, introduced by Representatives Brad Sherman and Brian Fitzpatrick. We urge you and your colleagues to support and cosponsor this important measure. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 123 million consumers with personal and small business financial service products.

This critical legislation would help main street small businesses by providing temporary relief from the arbitrary cap on credit union member business lending (MBL) for one year after the COVID-19 national emergency has ended for loans made to small businesses trying to recover from the pandemic. As you are keenly aware, these small businesses continue to struggle in the current economic environment and will need capital as they try to survive as we emerge from the pandemic.

Credit unions have played a key role in providing desperately needed liquidity to small businesses, including making Paycheck Protection Program (PPP) loans to a number of small businesses who were originally turned down by larger financial institutions. According to a NAFCU survey of our members, 87% of respondents had small business members join the credit union to secure PPP funding. The demand for small business liquidity is still acute, as illustrated by the need for special windows for small dollar loans through PPP. The expectation is that this demand will continue over the next couple of years, even after some federal programs expire, as the nation recovers from the economic impact of pandemic. We urge you to support this legislation as an important step to ensure continued support for small businesses during the recovery.

This timely legislation provides a temporary exemption to the statutory credit union MBL cap which currently states credit unions cannot lend more than 12.25% of assets to businesses. Additionally, this bill tailors the exemption by requiring that loans exempt from the cap be made to aid in the recovery from COVID-19 and not affect the safety and soundness rating of the credit union.

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The current arbitrary credit union MBL cap serves as a disincentive for many credit unions to focus on small business programs, as successful small business efforts could reach the cap and run into limitations. Enacting H.R. 1471 will help encourage more credit unions to establish and enhance member business lending programs designed to help their small business members recover from the COVID-19 pandemic beyond the PPP. We urge you to support this needed legislation by cosponsoring it and advancing it as part of pandemic recovery efforts.

We thank you for the opportunity to share our thoughts and look forward to continuing to work with you on pandemic relief and economic recovery. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Associate Director of Legislative Affairs, at 703-842-2263 or lplush@nafcuhq.org.

Sincerely,

A handwritten signature in black ink that reads "Brad Thaler". The signature is written in a cursive, flowing style.

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the U.S. House of Representatives