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National Association of Federally-Insured Credit Unions

June 10, 2019

Linda Reilly
Chief, 504 Program Branch
Office of Financial Assistance
Small Business Administration
409 Third Street SW
Washington, DC 20416

**RE: Streamlining and Modernizing Certified Development Company Program
(504 Loan Program) Corporate Governance Requirements (RIN 3245-AG97)**

Dear Ms. Reilly:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in response to the Small Business Administration's (SBA) notice of proposed rulemaking to streamline and modernize Certified Development Company (CDC) program corporate governance requirements. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 116 million consumers with personal and small business financial service products. NAFCU appreciates the SBA's commitment to modernizing the requirements for CDCs who provide vital 504 program loans to credit union members. NAFCU is supportive of the proposed rule as it seeks to remove unnecessary regulatory requirements, while increasing program flexibility in a responsible and prudent manner.

Increased flexibility for CDCs positively affects financing for small businesses so they may continue serving their local communities. Just as the SBA's loan programs were designed to provide lending to small businesses that might not otherwise obtain financing, credit unions were similarly designed to provide provident credit to individuals and small businesses that might not otherwise have the means to obtain it. Furthermore, over 70 percent of NAFCU members qualify as a "small business" according to the SBA industry-based size standards. Credit unions still adhere to the core principle of providing provident credit through various SBA lending programs.

Although credit unions are not directly impacted by this proposed rule, as they are not CDCs, they are indirectly impacted as third-party lenders offering 504 loans. A majority of NAFCU members that offer SBA lending programs provide 504 loans to their members. In addition, NAFCU members report positive experiences working with CDCs. The proposed rule will streamline and update the operational and organizational requirements for CDCs, likely bolstering 504 lending to credit union members. Reducing regulatory burdens on CDCs will allow more opportunities to focus on growth and providing financing. Overall, NAFCU members have reported that the demand for business lending has increased in the last twelve months. As demand increases, it is

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paramount that credit union members have access to affordable small business lending programs. NAFCU members do not foresee any negative indirect impacts from the proposed rule.

Access to small business lending ensures our local communities continue to thrive, promote innovation, and provide jobs. NAFCU supports the SBA's proposed rulemaking and appreciates the opportunity to share its members' views on this matter. We look forward to remaining engaged with the SBA to encourage credit union small business lending efforts through SBA programs. Should you have any questions or require additional information, please do not hesitate to contact me at (703) 842-2249 or kschafer@nafcuh.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kaley Schafer', written in a cursive style.

Kaley Schafer
Regulatory Affairs Counsel