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National Association of Federally-Insured Credit Unions

November 30, 2020

Khem R. Sharma, Ph.D.
Chief, Office of Size Standards
Small Business Administration
Mail Code 6530
409 Third Street SW
Washington, DC 20416

RE: Small Business Size Standards: Transportation and Warehousing; Information; Finance and Insurance; Real Estate and Rental and Leasing (RIN 3245-AG90)

Dear Dr. Sharma:

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 increase the size standards for North American Industry Classification System (NAICS) sectors related to finance and insurance, specifically NAICS code 522130 for credit unions. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 122 million consumers with personal and small business financial service products. NAFCU appreciates the SBA's thoughtful approach to reviewing and updating the size standards, as necessary. NAFCU is supportive of the proposed rule increasing the size standard for credit unions from $600 million to $750 million, which will cover over 92 percent of the industry.

Although credit unions are not-for-profit, cooperative financial institutions and do not qualify for the SBA's lending programs, the size standards are helpful for other rulemaking purposes. As the size standards provide a uniform threshold for the industry. Also, the proposal seeks to increase the size standards for industries other than those related to finance and insurance. The proposed increased size standards for these other industries allows credit union SBA lenders the opportunity to provide more resources to newly qualified small businesses. Access to small business lending ensures our local communities continue to thrive, promote innovation, and provide jobs.

Credit unions provide provident credit to individuals and small businesses that might not otherwise have the means to obtain it and serve small businesses that were turned away from other financial institutions. A recent report found that access to credit from traditional lenders declined during the Great Recession and has not fully recovered, except for credit unions. The share of credit union lenders offering small business loans doubled since 2004 from 10 percent to 20 percent.[1] This

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[1] *See* Data Point; Small Business Lending and the Great Recession, CFPB (Jan. 23, 2020), https://www.consumerfinance.gov/about-us/blog/small-business-lending-and-great-recession/.

increase is despite consolidation in the credit union industry and regulatory challenges posed. As the SBA is aware, the *Federal Credit Union Act* imposes a member business lending (MBL) cap on credit unions. The number of SBA loans by credit union lenders continues to increase, and credit unions are committed to making every effort to serve our nation's small businesses, especially in times of economic distress. Since 2007, outstanding credit union SBA loans have increased by more than 16 percent. The proposed increased size standards will allow for greater lending opportunities.

NAFCU supports the SBA's proposed rulemaking increasing the size standards 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@nafcu.org.

Sincerely,

Kaley Schafer
Senior Regulatory Affairs Counsel