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National Association of Federally-Insured Credit Unions

May 23, 2023

The Honorable Roger Williams
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

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

Re: Tomorrow's Hearing: "Saluting Service: Supporting Veteran Owned Small Businesses"

Dear Chairman Williams and Ranking Member Velázquez:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's hearing, "Saluting Service: Supporting Veteran Owned Small Businesses." NAFCU advocates for all federally-insured credit unions that, in turn, serve over 135 million consumers with personal and small business financial service products. NAFCU's members, in particular defense credit unions, take special pride in serving veterans and supporting veteran entrepreneurs.

Credit unions are an important resource for our nation's veterans in their small business and entrepreneurial endeavors. Service members develop broad expertise across many disciplines while in the military, learning skills that can provide tremendous value to the economy. After great personal sacrifice, these Americans deserve every opportunity for success in their transition back to civilian life. One way Congress can help is to support legislation that would provide relief to barriers that stand in the way of veterans accessing credit for small businesses. This includes the arbitrary credit union member business lending (MBL) cap that constrains our credit union members' ability to help small businesses. NAFCU supports the Veterans Member Business Loan Act, introduced in the Senate by Sens. Dan Sullivan and Mazie Hirono as S. 539, which would exempt loans made to veterans from the MBL cap. NAFCU has encouraged the Senate to act on this bill and is working for introduction of similar legislation in the House.

Some veterans also face difficulty in accessing capital to start a small business because the credit reporting system does not accurately reflect their creditworthiness. NAFCU and its member credit unions have long advocated for the ability to use alternative credit scoring models, supported by more and better information than traditional credit reports, to accurately identify creditworthy borrowers while still ensuring the financial system's safety and soundness. The bipartisan Building Credit Access for Veterans Act, H.R. 1266, introduced by Reps. William Timmons and Mike Levin, would make further progress in this area by requiring a Department of Veterans Affairs pilot program to test alternative credit scores for housing and small business

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loans for veterans and service members. NAFCU supports this legislation and urges its swift passage.

We thank you for the opportunity to share our thoughts on the importance of improving access to credit for our nation's veterans. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Senior Associate Director of Legislative Affairs, at lplush@nafcu.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 House Small Business Committee