



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
f: 703.524.1082
nafcu@nafcu.org | nafcu.org

National Association of Federally-Insured Credit Unions

March 13, 2018

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: Tomorrow's Markup of H.R. 4743

Dear Chairman Chabot and Ranking Member Velázquez:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write in conjunction with tomorrow's markup of H.R. 4743, the *Small Business 7(a) Lending Oversight Reform Act of 2018* to urge support for this legislation.

NAFCU is pleased to see the bipartisan and bicameral work on H.R. 4743, and we thank you for your leadership on this bill. This legislation provides a number of improvements that will help bring more clarity to the Small Business Administration's (SBA's) 7(a) loan program, including:

- Strengthening SBA's Office of Credit Risk Management by outlining in statute the responsibilities of the office and the requirements of its director;
- Enhancing SBA's lender oversight review process, including increasing the office's enforcement options;
- Requiring SBA to detail its oversight budget and perform a full risk analysis of the program on an annual basis; and
- Strengthening SBA's Credit Elsewhere Test by clarifying the factors that must be considered.

We are particularly pleased to see the Credit Elsewhere Test better defined compared to what is included in the Standard Operating Procedures (SOPs). This will help clear up ambiguity for lenders.

One of the most important parts of the bill is the Administrator's authority to increase the budget amount to 115% of the limit. This would be beneficial to both borrowers and lenders versus the hard cap that currently exists and would help ensure that lenders and small businesses will not

face a situation where the ability to use the 7(a) loan program comes into doubt due to the popularity of the program.

As NAFCU testified before the Committee earlier this year, we believe this is a solid legislative package and urge the Committee to support and advance this legislation.

Thank you for the opportunity to share our thoughts on this important legislation. We look forward to continuing to work with you on this and other issues of importance to credit unions. If my colleagues or I can be of assistance to you, or if you have any questions, please feel free to contact me or NAFCU's Associate Director of Legislative Affairs, Allyson Browning, at (703) 842-2836 or abrowning@nafcu.org.

Sincerely,

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

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Committee on Small Business