Credit Union National Association
CUNA

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The Honorable Roger Williams
Chairman
Committee on Small Business
United States House of Representatives
Washington, DC 20515

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Chairman Williams and Ranking Member Velazquez:

On behalf of the Credit Union National Association ("CUNA"), I am writing regarding the Committee's hearing, *Taking on More Risk: Examining the SBA'S Change to the 7(a) Lending Program Part I.* CUNA represents America's credit unions and their more than 135 million members.

CUNA strongly opposes the latest proposed changes to the 7(a) loan program by the Small Business Administration (SBA). Credit unions participate in this critical loan program and will be negatively impacted by the two proposed rules: the (i) Affiliation and Lending Criteria for the SBA Business Loan Programs, 87 FR 64724 ("Affiliation Proposed Rule"), and (ii) Small Business Lending Company ("SBLC") Moratorium Rescission and Removal of the Requirement for a Loan Authorization, 87 FR 66963 ("SBLC Proposed Rule")

Both the Affiliation Proposed Rule and the SBLC Proposed Rule propose the removal or modification of well-established lending standards, which have ensured programmatic integrity for decades. One highly significant impact, among others, of the proposed loosened lending standards set forth in the SBLC Proposed Rule is SBA's apparent intention to open up the 7(a) loan program to an unlimited number of non-federally regulated lenders without material guardrails or any defined focus on or nexus to SBA's mission lending, despite SBA stating that the primary intention of the proposed rules is to aid underserved borrowers.

CUNA supports SBA's stated goals in proposing these regulatory changes: (i) aiding traditionally underserved borrowers as well as (ii) increasing the availability of 7(a) loans and the numbers of participating lenders so that more small businesses can gain access to SBA loans.

However, we believe that the proposed changes may not actually help ease minority and underserved communities' access to SBA funding, and in fact, could unintentionally harm the very borrowers that SBA is trying to support. Furthermore, we believe that the combined impacts of these proposed changes could lead to additional negative impacts on various stakeholders, including, but not limited to, current and future borrowers of SBA loans, by lowering material standards related to underwriting and portfolio performance.

On behalf of America's credit unions and their more than 135 million members, thank you for holding this important hearing to examine the 7(a) program and considering our views on this issue.

Sincerely,

Jim Nussle
President and CEO