



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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February 3, 2025

The Honorable Roger Williams  
Chairman  
Small Business Committee  
United States House of Representatives  
Washington, D.C. 20515

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

### **Supporting Small Business Growth Through Credit Unions Urging Passage of the Veterans Member Business Loan Act**

Dear Chairman Williams and Ranking Member Velázquez,

On behalf of the Defense Credit Union Council (DCUC), I write to express our strong support for policies that enhance small business growth, particularly for our nation's veterans and military communities. As your committee convenes the hearing, *Hope on the Horizon: Prioritizing Small Business Growth in the 119th Congress*, we urge you to recognize the critical role credit unions play in serving small business owners and to support the Veterans Member Business Loan Act, spearheaded by Representative Vicente Gonzalez (D-TX) and Representative Brian Fitzpatrick (R-PA).

DCUC represents credit unions stateside and overseas serving military and veteran communities as well as their families, encompassing over 40 million members and having over \$525 billion in assets.

#### **Challenges Faced by Credit Unions in Serving Small Businesses**

Under current regulations, credit unions are subject to a member business lending (MBL) cap set at 12.25% of their total assets, as established by the Credit Union Membership Access Act of 1998. This cap limits the ability of credit unions to extend business loans, particularly affecting veteran-owned small businesses seeking capital. Despite the strong desire to support their members, credit unions often find themselves constrained by this arbitrary limit, hindering their capacity to meet the financial needs of small business owners within their communities.

#### **Impact of the Veterans Member Business Loan Act**

The Veterans Member Business Loan Act seeks to amend the Federal Credit Union Act to exclude loans made to veterans from the definition of a member business loan, thereby exempting these loans from the current cap. This legislative change would have several significant impacts:

- **Enhanced Access to Capital for Veteran Entrepreneurs:** Veterans often face substantial hurdles in accessing capital. A report titled *Financing Their Future: Veteran Entrepreneurs and Capital Access*, published by the Small Business Administration and the Federal Reserve Bank of New York, found that veteran business owners applied for more funding and submitted more loan applications per business, yet were denied loans at a much higher rate than non-veteran business owners. By exempting veteran business loans from the MBL cap, credit unions would be better positioned to provide the necessary funding, fostering growth and innovation within the veteran business community.

- **Strengthening Local Economies:** Facilitating access to capital for veteran entrepreneurs has broader economic implications. Veteran-owned businesses contribute significantly to the economy, employing millions and generating substantial revenue. By enabling credit unions to offer more business loans to veterans, the Act would stimulate job creation, enhance competition, and drive economic growth at both local and national levels.
- **Aligning with Existing Exemptions:** The Act aligns with current exemptions already in place for loans made to agriculture-related businesses, creating a more equitable lending environment and recognizing the unique contributions of veteran entrepreneurs.

### **Benefits of Lifting the Cap**

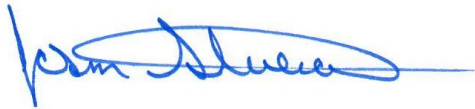
Removing the MBL cap for veteran loans would provide several key benefits:

- **Increased Lending Capacity:** Credit unions would have greater flexibility to support small business growth without the constraints of an arbitrary cap, allowing them to meet the specific needs of their members more effectively.
- **Promotion of Financial Inclusion:** By enabling more loans to veteran-owned businesses, credit unions can promote financial inclusion and support underserved communities, aligning with their mission-driven focus.
- **Economic Stimulus Without Taxpayer Cost:** This legislative change would stimulate economic activity and support small business development without requiring additional taxpayer funding, leveraging the existing infrastructure and community focus of credit unions.

America's veterans have served our country honorably, and they deserve every opportunity to succeed in their post-service careers. Credit unions stand ready to assist them, but regulatory limitations hinder our ability to provide full support. As you discuss priorities for the 119th Congress, we urge you to prioritize the passage of the Veterans Member Business Loan Act to remove these barriers and ensure veterans have fair access to capital. DCUC and its member credit unions remain committed to serving those who have served our nation. We welcome the opportunity to work with you on legislative efforts that promote small business growth and financial security for veterans and military families.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at [jstverak@dcuc.org](mailto:jstverak@dcuc.org).

Sincerely,



Jason Stverak  
Chief Advocacy Officer  
DCUC

CC: House Small Business Committee Members