



**America's
Credit Unions**

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September 18, 2024

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: Today's Hearing: "Holding the SBA Accountable: Testimony from Small Business Administrator Guzman"

Dear Chairman Williams and Ranking Member Velázquez:

On behalf of America's Credit Unions, I am writing regarding the Committee's hearing entitled, "Holding the SBA Accountable: Testimony from Small Business Administrator Guzman." America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their over 140 million members nationwide.

Credit unions recognize that access to capital for entrepreneurs is critical to ensuring the growth and development of vibrant small businesses. As not-for-profit, consumer-owned financial cooperatives, credit unions have a focus on meeting the needs of their members, including small business owners. This was widely demonstrated by the leadership of credit unions in providing Paycheck Protection Program (PPP) loans to Main Street small businesses when many other lenders turned them away. Establishing and retaining a relationship with a credit union remains the best way for a small business entrepreneur to partner with a provider of essential financial services.

To ensure that credit unions can continue to remain a positive source of capital access for small businesses, we urge the Committee to continue its strong oversight of the Small Business Administration (SBA). The SBA's government guaranteed lending programs epitomize a successful public-private partnership, and it is one that leverages private sector expertise. We believe that the SBA should not function as a direct lender, but instead continue to guarantee the repayment of loans made by a lender such as a credit union. SBA's lending programs, such as the 7(a) Loan Program, allow small businesses to work with local lenders or other lenders of a business's choice throughout the loan process. This public-private partnership works as borrowers can obtain loans from financial institutions that they know well and that have vested interests in their borrowers' success. Furthermore, when working with local lenders, small businesses are likely to benefit from guidance and experience from a lender with a stake in helping the borrowing business succeed.

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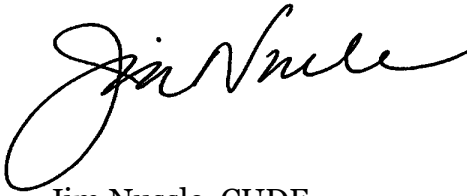
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We are particularly concerned that recent rulemaking from the SBA to expand the 7(a) program to fintechs and other non-traditional lenders could damage this important convention of SBA 7(a) lending. With a greater reliance on fintech lenders, SBA lending programs will be at increased risk of fraud, credit losses, and reputational risk. This could have serious consequences for the long-term health of the SBA's flagship 7(a) program. Credit unions and other traditional lenders are placed at a competitive disadvantage under this new system. We urge the Committee to continue to exercise its authority in this area and to continue to work to try to find legislative solutions if necessary.

In conclusion, credit unions stand ready to help small businesses and create jobs. Continued committee oversight of the SBA is needed. As the Committee considers approaches to help small business gain access to capital, we urge you to include credit unions as part of the solution.

On behalf of America's Credit Unions and the 140 million credit union members, thank you for holding this important hearing and considering our views on the subject.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the beginning.

Jim Nussle, CUDE
President & CEO

cc: Members of the Committee on Small Business