



**America's
Credit Unions**

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99 M Street SE
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March 19, 2024

The Honorable Tim Scott
104 Hart Senate Office Building
United States Senate
Washington, DC 20510

Re: Protecting Access to Credit for Small Businesses Act

Dear Ranking Member Scott:

On behalf of America's Credit Unions, I am writing to express our support for the Protecting Access to Credit for Small Businesses Act, which prohibits the Small Business Administration (SBA) from making direct loans through the 7(a) program. 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 nearly 140 million members nationwide.

Credit unions recognize that financial inclusion and access to capital for entrepreneurs are critical in ensuring the growth and development of vibrant small businesses. As not-for-profit, consumer-owned financial cooperatives, credit unions have a laser focus on our mission of financial inclusion and serving our members. Establishing and retaining a relationship with a credit union is the best way for a small business entrepreneur to partner with a provider of essential financial services.

The SBA government guaranteed lending programs epitomizes a successful public-private partnership, and it's one that leverages private sector expertise. Generally, the SBA does not function as a direct lender, but guarantees the repayment of loans made by a lender such as a credit union. The 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. The SBA guarantees these loans ensuring that financial institutions are made whole in an instance of default by the borrower.

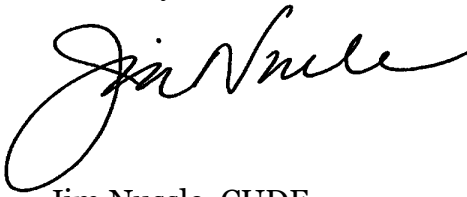
This public-private partnership works as borrowers can obtain loans from financial institutions that they know well and that have vested interests in their borrowers' success. Furthermore, when working with local lenders, small businesses are likely to benefit from guidance and experience from a lender with a stake in helping the borrowing business succeed. Direct lending would drive up program costs and disincentivize 7(a) authorization within financial institutions, draining the value of the public-private partnership. Further, by becoming a direct lender to small businesses, the SBA is likely to harm local financial institutions' relationships with small businesses and possibly hamper these businesses from establishing important banking relationships that can only help their business survive and flourish.

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As such, we strongly support your legislation that would prohibit the SBA from directly making loans under the 7(a) Loan Program. Establishing and retaining a relationship with a credit union is the best way for a small business entrepreneur to partner with a provider of essential financial services.

On behalf of America's Credit Unions and their 140 million credit union members, thank you for introducing this important legislation and we look forward to working with you as the bill progresses.

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 of the first name.

Jim Nussle, CUDE
President & CEO