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December 14, 2021

The Honorable Tim Scott  
United States Senate  
Washington, DC 20510

Dear Senator Scott,

On behalf of America's credit unions, I am writing in support of your legislation, S. 3382 - Protecting Access to Credit for Small Businesses Act. The Credit Union National Association (CUNA) represents America's credit unions and their more than 120 million members.

Credit unions recognize that financial inclusion and access to capital for entrepreneurs are critical to 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 epitomize 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. 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. By becoming a direct lender to small businesses, the SBA is likely to harm local financial institutions' relationships with businesses and possibly hamper these businesses from establishing important banking relationships that can only help their business survive and flourish. As such, we strongly support your legislation and other efforts to prevent SBA direct lending.

On behalf of America's credit unions and their more than 120 million members, thank you for the opportunity to share our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle", is written over a printed name and title.

Jim Nussle  
President & CEO