April XX, 2022

The Honorable [First Name] [Last Name]

United States [Senate or House of Representatives]

XXX \_\_\_\_\_\_\_\_ [Senate of House] Office Bldg.

Washington, DC 20XXX

**Re: Veteran Business Lending Exemption**

Dear [Senator or Representative] [Last Name]:

On behalf of our Board of Directors and our xxx,xxx members, I am writing to urge support for legislation in the 117th Congress that would exempt business loans made to veterans from current business lending caps. Our field of membership includes many proud veterans and as part of our ongoing advocacy, we believe such legislation can make a difference for our transitioning veteran members and their financial well-being. As such, we strongly support Congressional efforts to assist our Nation’s veterans and their families.

Our credit union is uniquely positioned and structured to offer this kind of support given our location on the installation and in the community. In fact, many of our credit union members are veterans or will soon transition out of the military. We note that not much has changed since Federal Reserve Bank of New York and the U.S. Small Business Administration (SBA) published a study in 2018 titled, “*Financing their Future: Veteran Entrepreneurs and Capital Access.*” The study found that military veteran business owners applied for more funding, submitted more loan applications per business, and yet were denied loans at a much higher rate than non-veteran business owners. As part of our ethos serving the underserved, we believe we can assist where other lenders refuse.

More can and should be done. Although the SBA’s 7(a) program has grown in recent years, SBA guaranteed loans have benefited veterans far less than non-veterans (48% growth compared to 82%) – a point the author personally pointed out in on-the-record SBA meetings at the time. According to the study, veterans are denied for two reasons. First, veterans are looking for “micro business loans” (under $100,000). Commercial banks cannot underwrite these smaller loans in a cost-effective way and as such rarely offer these products.

Second, according to the report, underwriting veterans is complicated due to insufficient credit histories and little collateral. As any veteran knowns, prolonged military service comes with unique stressors, such as frequent relocations and deployments which complicate the process.

This is where our credit union can help bridge the gap. We understand the difficulties inherent in a military career. Plus, exempting loans made to veterans from the artificial member business lending caps not only makes it much easier to extend business credit to America’s Veteran-Owned Businesses, it also sends a clear signal that our nation recognizes their impact in fostering entrepreneurship successfully building our economy.

If there is anything more we can do to encourage other Members of the [Senate or House] to support this legislation, please let us know. My office can be reached at Your Phone Number or at Your Email Address.

Sincerely,

Your Signature Block