

September 8, 2023

The Honorable Vicente Gonzalez  
United States House of Representatives  
154 Cannon House Office Building  
Washington, DC 20515

The Honorable Brian Fitzpatrick  
United States House of Representatives  
271 Cannon House Office Building  
Washington, DC 20515

Dear Representatives Gonzalez and Fitzpatrick:

The American Bankers Association appreciates your longstanding leadership on financial services issues and shares your goal in expanding access to banking services and credit for all Americans, particularly those in underserved populations. As a result of efforts undertaken by banks and other stakeholders, the most recently available data shows the number of unbanked has reached its lowest level since the government started surveying. However, we are troubled by the recent introduction of H.R. 4868, the “Member Business Loan Expansion Act,” which would inappropriately expand the tax-exempt credit union industry’s business lending authority.

Historically, credit unions have received a federal income tax exemption to provide basic consumer financial services to under-resourced individuals connected through a common bond – such as their employer – within well-defined communities. Over time, legislation like the Credit Union Member Access Act (CUMAA) and actions taken by the National Credit Union Administration – the credit union regulator and deposit insurer – have eroded that historic common bond requirement to the point that practically anyone can join a credit union. In fact, some credit unions’ fields of membership encompass every single American.

Even while CUMAA’s relaxed membership rules led to substantial growth in membership and assets, it did at least place some restrictions on credit union business lending. This was meant to ensure that credit unions prioritized their congressionally mandated mission of service to people of modest means in underserved areas.

Unfortunately, the Member Business Loan Expansion Act would undermine credit unions’ congressionally mandated mission in that regard.

As you know, the legislation would enable longer repayment periods, making it easier for credit unions to underwrite large-scale commercial real estate development projects. And it would double the exemption for small loans and expand credit union access to low-cost sources of funds for business loans.

The limitations on credit union business lending set forth in the CUMAA were intended to prevent the credit union tax subsidy from being used to support commercial rather than consumer lending. Likewise, the small loan exemption was tailored to ensure that credit unions have sufficient lending authority to meet the credit needs of their members, without allowing them to stray from their congressionally mandated mission of serving people of modest means. This proposed legislation threatens to undermine those carefully crafted guardrails.



**Kirsten Sutton**  
Executive Vice President  
Congressional Relations & Legislative Affairs  
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The American Bankers Association urges you to reconsider this legislation and refocus it to hold tax-exempt credit unions accountable in adherence with their mission of providing a community benefit to those in need.

Sincerely,

A handwritten signature in black ink that reads 'Kirsten Sutton'.