



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak  
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The Honorable French Hill  
1533 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Hill,

On behalf of the Defense Credit Union Council (DCUC), which represents over 200 defense credit unions serving our servicemembers, veterans, and their families, I commend your leadership in introducing the *Community Banks Deposit Access Act of 2025*. Your effort to modernize outdated regulations that burden community banks highlights the need for similar reforms for credit unions. Just as your common-sense bill would give banks greater flexibility to serve customers while maintaining safety standards, we urge you to consider parallel relief that empowers credit unions to better serve American families, small businesses, and especially our nation's veterans.

I'm reaching out because I truly believe we share a common goal: strengthening our local communities by empowering the financial institutions that serve them. I was excited to see your "Make Community Banking Great Again" initiative – it's clear you care deeply about the vitality of hometown lenders. Credit unions like those I represent at the Defense Credit Union Council (DCUC) have the very same mission at heart. Whether it's a community bank in a small town or a credit union on a military base, we're all striving to ensure families and small businesses have a safe, affordable place to turn for financial services. In fact, community banks and credit unions have always been partners in serving areas that big banks often ignore. We both reinvest in our neighborhoods and look out for the little guy. I think that's something worth championing together.

Credit unions take pride in being **member-owned, not-for-profit** cooperatives that put people over profit. That often means we step up where others pull back. It's no surprise that over 70% of credit union branches are located in low- or moderate-income communities, filling critical gaps left when larger banks shut down branches in rural and underserved areas. We see it firsthand: if a bank leaves town, the credit union is often the one keeping the lights on for the local economy. On military installations, for example, defense credit unions are there providing financial education and support for service members and their families when for-profit institutions won't. In short, credit unions and community banks are both "**continuity institutions**" – we stick with our communities through good times and bad, and we help keep local economies resilient.

That's why I'm writing to you today – because we could be doing even more for our communities **if some outdated laws and regulations were modernized or removed**. One big opportunity is in **small business lending**. Right now, federal law caps most credit unions' member business loans at 12.25% of our assets. This cap was set decades ago and made sense in a different era, but today it's an arbitrary hurdle holding us back. **We want to lend more to local entrepreneurs – and we're ready and able to do so – but the law won't let us**. Despite this restriction, credit unions still provided over **\$91 billion in small business loans** last year, often to minority-owned and veteran-owned businesses that fuel local growth. Just imagine how much more we could do if that old 12.25% cap wasn't forcing us to tap the brakes. Every dollar we lend to a mom-and-pop shop or a startup not only helps that business, it ripples out to create jobs and spur economic activity on Main Street.

*Serving Those Who Serve Our Country*

Crucially, **banks don't face a statutory cap when lending to small businesses**, so this is an area where a simple legislative fix could **level the playing field**. Credit unions aren't looking for special treatment – we're looking for *equal* treatment so we can serve our communities side by side with community banks without one hand tied behind our back. Removing or easing the member business lending cap would let credit unions contribute even more to local economies, right alongside banks. At the end of the day, we all want small businesses to succeed, and there's plenty of room for both credit unions and banks to help make that happen.

I'm especially passionate about the need to support **veteran entrepreneurs**, and I know you are too. Many veterans come home with the drive and skills to start their own business, but they often struggle to access capital. Credit unions, particularly defense credit unions, are eager to help – it's part of our DNA to serve those who served our country. But the current lending cap means sometimes we have to say *"Sorry, we'd love to lend more, but we're at our limit."* That just doesn't feel right when a local bank across the street can make the loan without a second thought. **Veterans deserve better**, and our communities deserve better as well.

Thankfully, there's a bipartisan solution in the works: the **Veterans Member Business Loan Act**, introduced by Representatives Brian Fitzpatrick and Vicente Gonzalez. This common-sense bill would exempt loans made to veteran-owned small businesses from the credit union member business lending cap. In other words, if a veteran wants to expand her bakery or launch his own repair shop, a credit union could lend to them freely, just as a bank can. We strongly support this bill – it's pro-veteran, pro-small business, and it doesn't cost taxpayers a dime. By passing the Veterans Member Business Loan Act, Congress would be removing an unnecessary roadblock and unleashing more capital into the hands of those building our local economies. I have no doubt community banks applaud this effort as well, because when veterans and small businesses succeed, our whole community wins. This is a perfect example of a policy where we can all find common ground: it helps borrowers, it's fair to lenders, and it strengthens the fabric of our hometowns.

Another area where **modernization is badly needed** – and where your leadership could make a tremendous difference – is in ensuring **adequate liquidity for community-based lenders like credit unions**. I'm referring to the **Central Liquidity Facility (CLF)**, which is essentially the credit union system's emergency liquidity backstop. The CLF is a critical resource that smaller credit unions use to borrow money in a crisis (to meet a sudden surge in withdrawals, for example, or to stay liquid during an economic shock). During the height of COVID-19, Congress wisely *expanded* the CLF's capacity and reach as a temporary measure, allowing many more credit unions to access this safety net. Those enhancements proved invaluable – they gave us confidence that we could continue serving members through the uncertainty of the pandemic. **However, those improvements expired at the end of 2021, and when they did, thousands of small and mid-sized credit unions effectively lost access to a vital emergency liquidity backstop.** It's as if we took away the umbrella as soon as the rain slowed down, even though storm clouds can always return.

Restoring and **modernizing the CLF** is not a partisan issue; it's just good, prudent policy for financial stability. No credit union – especially those serving *military families or small rural communities* – should have to worry about shutting its doors during a temporary crisis due to lack of liquidity. But without an updated CLF, that's a real concern. Senators Alex Padilla and Kevin Cramer have introduced a bipartisan bill in the Senate to permanently enhance the CLF along the lines of those pandemic-era improvements. In a nutshell, their proposal would raise the CLF's borrowing authority and make it easier and more affordable for smaller credit unions to join, including by allowing corporate credit unions to act as intermediaries. We would effectively **bring the emergency liquidity toolkit for credit unions into the 21st century**. This kind of reform has broad support in the credit union community because it would help ensure the stability of our system and expand access to funds when they're needed most. In practical terms, that means a *small credit union* serving, say, a National Guard base or a farming town could weather the next crisis without fear, confident that it can get liquidity to keep loans flowing and keep members' deposits safe.

Making these CLF enhancements permanent would strengthen the entire credit union network and give peace of mind to millions of members. And importantly, a more resilient credit union system contributes to the overall resilience of community banking – if we can stand strong in a storm, we won't add stress to the rest of the financial system. It's a classic case of an ounce of prevention being worth a pound of cure.

Chairman Hill, I know that you, as a champion of community banking, understand how interconnected our local financial institutions are with the well-being of the families and small businesses they serve. In that spirit, I want to emphasize that **our intent is to work *with* community banks, not against them**. Credit unions and community banks both want a fair shot to compete and to cooperate in serving the public. By updating outdated laws like the member business lending cap and by removing barriers to liquidity, **Congress can empower both of us to do what we do best: support local economies**. We see this as a partnership for the common good – the kind of partnership that perhaps doesn't make flashy headlines, but sure makes a difference on Main Street. After all, when a new business opens or a family buys their first home, nobody asks whether it was a credit union or a community bank that gave them the loan – they're just glad someone in their community had their back.

In closing, I want to thank you for your leadership and for considering these ideas. **We deeply appreciate the collaborative, collegial tone you've taken** in addressing community banking issues, and we're eager to continue that collaboration. The DCUC and our member credit unions are ready to roll up our sleeves and work with you on crafting solutions – whether it's **removing an arbitrary lending cap, modernizing the CLF, or any other step that helps our local institutions thrive**. We may come from different charter types, but at heart we're all community servants. We all want to see small businesses get the financing they need, see our veterans succeed in civilian life, and see every American have access to reliable and affordable financial services. These are shared goals that transcend any differences in our organizations.

I'm optimistic that by working together – credit unions, community banks, and lawmakers like yourself – we can make meaningful progress. I would welcome the chance to discuss any of these issues with you in more detail, and our team at DCUC is always available as a resource. **Let's keep the lines of communication open and keep finding ways to cooperate**. Together, we can ensure that the laws and regulations governing financial services actually help us fulfill our mission to the communities we proudly serve.

Thank you again for your time and dedication. I look forward to continuing our work together to **“make community banking great”** in every corner of the country. Please don't hesitate to reach out if we can be of any help or provide additional insight. We're all in this together, and I'm confident that together we can achieve the vibrant, resilient community financial system that Americans deserve.

If you have any questions, please do not hesitate to email me at [jstverak@dcuc.org](mailto:jstverak@dcuc.org) or contact me via the phone at 202.557.8528.

Sincerely,



Jason Stverak  
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*CC: Members of the US House Financial Services Committee*

