DCUC
DEFENSE CREDIT UNION COUNCIL

POLICY WHITE PAPER

Unlocking opportunity for those who served

The Veterans Member Business Loan Act, explained

H.R. 507 | S. 110 | 119th Congress

What the cap means for a veteran-owned business. What the bill would change. What the research shows. Why The American Legion supports it, and what questions banks have raised.

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Updated September 30, 2026

Serving ALL Who Serve

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The numbered source links open the original documents. The research notes keep the year and the group behind each figure clear.

Examples use realistic business situations. Names and amounts are made up unless a source is identified. They are not actual loan files or documented denials.

The main points

DCUC urges Congress to pass the Veterans Member Business Loan Act before the 119th Congress ends. Veterans need fair access to funds to start and grow businesses. The bill would remove a legal barrier that can stop a credit union from making an otherwise sound loan. [1][2][21]

The member business lending cap limits a credit union's total amount of certain business loans. It does not measure one veteran's ability to repay. Some loans and credit unions are already outside the cap. [3][4]

What the bill would do

The Veterans Member Business Loan Act would keep qualifying loans made to veterans out of that cap. The House bill is H.R. 507. The Senate bill is S. 110. This paper reviews the versions first filed in January 2025, not a final law. [1][2]

The bills would not send a check to a business owner. They would not force a credit union to approve a loan. The lender would still need funds, trained staff, and a sound loan plan. The borrower would still have to repay the debt. [1][2][35][36]

Why the issue matters

Veterans owned about 1.6 million U.S. businesses in 2023. Those firms brought in about $1 trillion in receipts. That is money received, not profit left after costs. The total includes firms with paid staff and firms without paid staff. [8]

Veteran-owned firms reported more trouble accessing credit in the 2025 Federal Reserve survey: 38% cited credit availability as a challenge, compared with 28% of firms with no veteran ownership. GAO also found greater reliance on personal savings and assets for ongoing business needs. [10][12]

Who has weighed in

The American Legion supports the bill. It said so in a December 2025 House committee statement. In January 2026, it joined the Defense Credit Union Council (DCUC) in a letter seeking passage. [21][46][47]

Bank trade groups have raised concerns about taxes, fair competition, lending risk, and the credit union mission. Some of those concerns address broader bills, not just this one. This paper explains the difference and reviews 20 common questions. [28][29][30][31]

Veterans need more lending options

GAO identifies barriers tied to credit histories, business networks, and the transition from military service. A New York Fed and SBA study also documented greater financing shortfalls for veteran-owned applicants. Congress should give qualified veterans more room to borrow from credit unions that know their needs. [12][51]

> **A repair shop, not a rule book**
>
> A veteran mechanic wants to add a service truck. A new rule could leave more room for that loan under the cap. It would not put more customers in the shop or make the truck pay for itself. The lender still has to check the business plan.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

1. How the cap works

Think of the cap as a limit on one part of a credit union's loan book. For many covered credit unions, the limit is 12.25% of assets. That means $12.25 for each $100 in assets. A lower limit can apply when the credit union has less net worth. Page five shows the full math. [3][6]

A business loan does not always count toward this limit. These everyday situations explain the main exceptions. The lender still has to check the rule for each loan. [3][4][5]

Everyday business situation	What it helps explain
A lawn-care startup needs $30,000 for mowers. The owner has no other related business loans at that credit union.	The small-loan exception may already apply. The lender checks related debts, not just this one request. [3][5]
A bakery owner borrows $80,000 and pledges $80,000 in bank savings to fully back the loan.	A loan fully backed by qualifying deposits can stay outside the cap. The pledged savings are still at risk. [3][5]
A shop owner uses one house to fully back a business loan. The lender has a legal claim on the house if the loan is not paid.	A qualifying loan fully secured by a one- to four-family home can be outside the cap. This does not mean every property loan is excluded. [4][7]
A government agency promises to repay a shop's entire loan if the owner cannot pay.	That is a full guarantee. If it meets the rule, the loan stays outside the cap. A partial guarantee may leave some of the loan counting. [4][6]
A veteran uses a credit union that has official low-income status because it mainly serves low-income members.	That credit union is already exempt from the cap. The veteran bill would not give it new room under this particular limit. [4]

Illustrative situations, not actual loan files.

When the cap can change the answer

A veteran mechanic seeks $250,000 for equipment. The credit union has only $150,000 left under its cap. Assume all other loan tests are met and no current exception applies. The request is $100,000 too large for the space left. Under the proposed veteran exception, a qualifying loan would not use that space. It would still carry the full risk of loss. [1][2]

ILLUSTRATIVE EXAMPLE — not an actual loan file

A farm loan is not exempt just because it is a farm loan. Veteran status alone is not an exception in the law reviewed here. The bill would add one. [3]

The repair-shop loan, step by step

Let's put numbers around the repair-shop example. These figures are made up to show how the rule works. They are not a report of a loan denial.

Assume the credit union has $100 million in assets and $10 million in net worth. Assets include things it owns, such as loans, cash, and investments. Net worth is the amount left after what it owes is taken from what it owns. It helps absorb losses. It is not the same as cash ready to lend.

Under the legal formula, the cap is the smaller of two amounts. One is 1.75 times the credit union's actual net worth. The other is 1.75 times the minimum net worth needed to be well capitalized. The usual 7% benchmark gives the familiar 12.25% figure. [3][6]

For this example, 1.75 times $10 million is $17.5 million. The other amount is 12.25% of $100 million, or $12.25 million. The smaller figure sets the cap: $12.25 million.

The repair shop's request	The amount
The credit union's business lending cap	**$12,250,000**
Loans and loan promises already counted	**$12,100,000**
Room left under the cap	**$150,000**
The veteran's new equipment loan	**$250,000**
How far the new loan would exceed the cap	**$100,000**

What changes under the bill?

Without an exception, the new loan would bring the counted total to $12.35 million. That is above the $12.25 million cap. Under the proposed veteran exception, a qualifying new loan would not add to that total. The credit union could then consider it under the other rules. [1][2]

This example assumes the veteran can join the credit union and repay the loan. It also assumes the lender has funds and staff to handle it. The bill would not fix a problem with any of those other tests.

A loan can leave the count, but not the risk

Some loan promises count even before the borrower draws the money. A loan guarantee or a valid sale of part of a loan can reduce the amount counted. The details matter. Credit unions cannot simply trade loans to get around the rule. [4][6]

A guarantee covers only part of the equipment loan

Suppose a government agency guarantees $300,000 of a $400,000 equipment loan. Assume the guarantee meets the rule and no other exception applies. The covered $300,000 can leave the cap count. The other $100,000 still counts. The borrower still owes $400,000. [6]

ILLUSTRATIVE EXAMPLE — not an actual loan file

Unused room at a distant credit union is not the same as a loan offer here. That lender may not serve this member or offer this type of loan. It may also lack the funds or staff to make it. The actual local choice matters.

2. How the issue developed

The cap began in 1998

Congress created the federal credit union system in 1934. The current member business lending cap came 64 years later, through the Credit Union Membership Access Act of 1998. It was a later policy choice, rather than a limit built into the original federal credit union law. [3][48][49]

A dispute over who could join a credit union

The 1998 law grew out of a major dispute over credit union membership. On February 25, 1998, the Supreme Court ruled that members of an occupation-based federal credit union had to share a single common bond. The decision threatened the ability of these credit unions to serve several separate employee groups. [49]

Congress responded with a wider package. President Bill Clinton signed it on August 7, 1998. It allowed multiple common-bond credit unions and added new capital and oversight rules. Section 203 also added the member business lending cap. The limit therefore arrived as part of a broad change to credit union law, not as a response to a finding about veteran borrowers. [48][49]

How Congress set the limit

The law tied the cap to net worth. It set the limit at the smaller of 1.75 times actual net worth or 1.75 times the minimum net worth needed to be well capitalized. The usual 7% minimum produces the familiar 12.25% of assets: 1.75 multiplied by 7%. [3][48]

The cap applies to federally insured credit unions, including covered state-chartered institutions. It limits their combined portfolio of counted business loans. A loan can meet a lender's repayment standards and still fail to fit under this separate legal ceiling. [3][4]

Exceptions were part of the law from the start

Congress exempted credit unions with a qualifying history or purpose of business lending, those serving predominantly low-income members, and qualifying community development financial institutions. It also excluded certain loans, including small balances, qualifying deposit-backed loans, and qualifying government-backed credit. [48]

The original law also excluded loans fully secured by the member's primary residence. Congress later broadened the housing exclusion. These choices show that lawmakers have always drawn lines around what counts toward the cap. A veteran exception would be another targeted choice within that structure. [3][48]

What Congress asked Treasury to study

Congress ordered a review when it created the cap

Section 203 of the 1998 law directed Treasury to study credit union business lending and report to Congress. The questions covered loan sizes, types of businesses served, the strength of lending rules, risks to credit unions and their insurance fund, and service to people with low and moderate incomes. [48]

Congress also asked whether credit unions had a competitive advantage over other insured lenders, whether that advantage could affect those lenders' financial health or profits, and how the new law would affect business lending. Risk, community needs, and competition were all part of the assigned review. [48]

What Treasury reported in January 2001

Treasury released two congressionally required reports on January 18, 2001. One focused on member business lending. The other compared credit unions with other insured financial institutions. The reports addressed different questions and should be read as separate studies. [14]

For the business lending study, Treasury surveyed all 1,514 credit unions that carried these loans as of June 30, 1999. Its release reported that only 92 of 10,337 credit unions had business loans exceeding their net worth as of June 30, 2000. Those 92 institutions held more than 46% of the unpaid principal on all member business loans. Business lending was concentrated among a small group of lenders. [14]

The study remained part of later congressional debate. At a June 2011 Senate Banking Committee hearing, then-NCUA Chairman Debbie Matz cited Treasury's finding that credit union business lending had not harmed banks. She explained that more competition could benefit borrowers. This is a historical finding discussed in the hearing record, not a measurement of today's market. [50]

Why the debate continued

The 2011 hearing also examined whether a higher cap could help small businesses while protecting the credit union system. Matz supported a carefully managed increase and pointed to the value of a more varied loan portfolio. Bank witnesses raised concerns about lending risk, the credit union mission, and competition. The hearing concerned broader cap relief, not the current veteran bills. [50]

For DCUC, the policy lesson is that protecting sound lending and widening borrower choice can work together. A portfolio cap cannot replace a careful review of each loan. Congress can change which loans count while keeping standards for capital, repayment, and risk management in place. [1][2][35][36]

Later reforms and the veteran proposal

NCUA changed its rules in 2016

In February 2016, NCUA adopted a major update to its commercial lending rules. It gave credit unions more flexibility to manage lending through sound policies, trained staff, and controls fitted to their risks. NCUA made clear that its rule did not change the cap set by Congress. [15]

That distinction matters for veterans. A regulator can improve how a rule works within the law. It cannot use that flexibility to erase a limit that Congress placed in the statute. The proposed veteran exception therefore requires legislation. [3][15]

Congress changed the loan count in 2018

In 2018, Congress broadened the exclusion for qualifying loans fully secured by a one- to four-family dwelling. It removed the requirement that the dwelling be the member's primary residence. The change altered which loans count toward the cap without ending the other rules that govern safe lending. [3]

That reform offers a useful precedent. Congress has already adjusted the cap's reach while leaving the broader lending framework in place. The veteran proposal would use a borrower's qualifying military service as the basis for another exception. [1][2][3]

The veteran bill has returned across Congresses

Senators Dan Sullivan and Mazie Hirono introduced S. 2834 in November 2019 to add a veteran exception. The effort returned in 2023 as S. 539 and H.R. 4867. Representative Vicente Gonzalez introduced the House measure with Representative Brian Fitzpatrick; Sullivan and Hirono again led the Senate effort. [16][17][18]

On January 16, 2025, Gonzalez introduced H.R. 507, with Fitzpatrick among the original cosponsors. Sullivan introduced S. 110 with Hirono that day. The bills were referred to the House Financial Services Committee and the Senate Banking, Housing, and Urban Affairs Committee. This paper analyzes those introduced texts. [1][2][19][20]

Why DCUC seeks action now

The bill would change how qualifying loans count while preserving the lender's duty to make prudent decisions. It creates no new federal loan fund or guarantee. Credit unions would use their own resources, and borrowers would still have to repay. [1][2]

Congress should resolve the drafting details, including clear treatment of loans to veteran-owned companies, and enact the exception before the 119th Congress ends. Veterans seeking a responsible business loan should have more choices. The age of the cap is a reason to examine whether it still serves borrowers, not a reason to leave it untouched.

The American Legion and DCUC

The Legion's support is on the record

The American Legion supports the Veterans Member Business Loan Act. Its support appears in a statement to Congress and in a joint letter with DCUC. These records explain the Legion's view in its own words. [21][46][47]

On December 10, 2025, the Legion submitted a statement to the House Small Business Committee. It supported the veteran credit union proposal as part of its discussion of access to business funds. It also supported changes to Small Business Administration lending programs. [46]

On January 21, 2026, the Legion and DCUC sent a joint letter to House and Senate leaders of both parties. The letter asked Congress to pass H.R. 507 and S. 110. The Legion then reported on that letter on its website. [21][22]

The two groups said a cap exception could give credit unions more room to serve veteran business owners. They also described the need to keep sound lending standards. That is their stated reason for backing the bill. It is not a measured count of new loans. [21]

Credit unions and SBA programs are separate tools

The Small Business Administration is often called the SBA. Its loan programs can help eligible firms get funds. The Legion's statement discussed the credit union bill and SBA changes together. It did not present them as a choice between one or the other. [46]

One business, two possible loan paths

A veteran wants to buy equipment for a small machine shop. One lender offers a regular business loan. Another discusses a loan with SBA backing. The owner compares costs, the down payment, and the repayment plan. The useful choice depends on the business and the terms. Support for the cap bill does not mean an SBA loan stops being an option.

ILLUSTRATIVE EXAMPLE — not an actual loan file

DCUC's work spans more than one letter

DCUC raised veteran lending with the House Small Business Committee in February 2025. It addressed the issue again before a veteran business hearing in December 2025. [23][24]

Its later work included Senate Small Business Committee outreach in May 2026, House committee comments in June, and capital-access letters in September. These records show DCUC's continued support for the veteran exception. [25][26][27][43]

DCUC has also discussed improvements to SBA lending. The two efforts address different parts of a business owner's search for funds. [44]

What this support does and does not mean

The Legion's support brings a veterans service group's view into the debate. It does not mean every veterans group has taken the same view. Nor does it mean the Legion wrote or approved this whole paper.

3. What the research shows

The size of veteran-owned business

The Census Bureau reported about 1.6 million veteran-owned businesses for 2023. Together, they received about $1 trillion in receipts. About 261,000 had paid employees. Those employer firms were 4.4% of all employer firms. [8]

A separate Census release counted 3.2 million workers at veteran-owned employer firms in 2022. That is a 2022 jobs figure, not a 2023 or 2026 count. Mixing years can make a claim look newer than it is. [9]

These businesses support families and local economies. Their ability to buy equipment, meet payroll, and grow depends in part on access to suitable financing. The research below shows why that access deserves congressional attention.

Veterans report greater credit access challenges

The Federal Reserve's 2026 veteran chartbook uses its 2025 Small Business Credit Survey. The broader employer survey received 6,525 responses. It ran from September 3 through November 14, 2025. The figures below cover firms with paid staff. [10][11]

Here, a veteran-owned firm means veterans own at least 51% of it. The comparison group has no veteran ownership. Firms with some veteran ownership below 51% are a separate group. [10]

What firms reported	Veteran-owned	No veteran ownership
Credit access was a financial challenge	**38%**	**28%**
Used personal funds to deal with financial trouble	**62%**	**53%**
Applied to a credit union	**14%**	**7%**
Financing request was approved	**53%**	**52%**
Financing request was partly approved	**30%**	**28%**
Financing request was denied	**17%**	**20%**

Source: Federal Reserve chartbook, pages 13-14 and 37-38. The rows do not all count the same group of firms. The personal-funds row covers firms with financial challenges. Lender choice and loan results cover applicants for loans, credit lines, or merchant cash advances. Applicants could try more than one type of lender. [10]

The 10-percentage-point gap in reported credit challenges is clear. Among firms with financial difficulties, veterans also relied more on personal funds. Approval results alone do not describe the full cost, effort, or unmet need involved in finding credit. [10]

Research note: This is a weighted, nonrandom survey. Among applicants in this comparison, full approval was similar: 53% for veteran-owned firms and 52% for firms with no veteran ownership. The findings establish gaps in reported access challenges, not proof of discrimination by a particular lender. [10][11]

Why veterans can face a harder path to credit

Military service can affect the starting point

GAO's September 2025 report describes barriers to credit and capital for people with military ties. It notes that veterans can have more difficulty establishing credit and building business relationships, especially after moving to a new area following service. Some lenders may not understand the skills gained in the military or the business a veteran hopes to build. [12]

GAO also identifies limited startup funds and a lack of business income that an owner can document. Those barriers can make a loan application harder even when the owner has valuable skills. A trusted lender and help preparing financial records can make the path easier to navigate. [12]

Family savings carry more of the load

Using the 2022 Survey of Consumer Finances, GAO reported that 82% of veteran business owners used personal savings and assets for ongoing operations and improvements, compared with 68% of nonveteran owners. This covers continued business needs, rather than only the cost of opening a business. [12]

That gap matters to a family budget. Money used to keep a business running is money no longer available for a household emergency. A suitable business loan can offer another way to finance a needed purchase, though the owner still has to judge its costs and repayment terms.

A small startup can develop larger needs

In December 2025 testimony, Syracuse University's veterans research institute reported that 59% of respondents needed less than $25,000 to start, while 51% needed more than $50,000 to grow. It also described gaps in business support, including fewer local resources and greater travel and broadband barriers for rural veterans. [13]

For example, a veteran may start a lawn-care firm with a mower and savings. Adding a second crew can require a truck, tools, and money for wages before customers pay. The larger financing need comes after the business has begun to prove itself. This is an illustrative example, not an actual loan file.

More lending capacity can support practical help

Syracuse's testimony stresses that access to money and preparation to borrow go together. Owners may need help with a cash-flow plan, records, and choosing the right financing. Congress should support that work while removing a separate legal barrier that can constrain a willing credit union. [13]

Defense credit unions can bring an existing relationship with the military community to these decisions. DCUC and The American Legion have urged Congress to allow more responsible lending to veteran business owners. A cap exception would help preserve that lending option when a qualifying loan would otherwise exceed the limit. [21]

The financing gap has a history

An earlier study documented unequal financing outcomes

The Federal Reserve Bank of New York and SBA published Financing Their Future in November 2018, using the 2017 Small Business Credit Survey. Among applicants, 60% of veteran-owned firms received less financing than they sought, compared with 52% of nonveteran-owned firms. This is a historical comparison, not a 2026 estimate. [51]

The report also found lower approval rates for veteran-owned applicants at large banks, small banks, and online lenders. It discussed possible reasons, including smaller loan requests, credit histories, and collateral. Veteran-owned firms with financing shortfalls more often identified insufficient credit history and collateral as reasons they believed they were denied credit. [51]

Those findings support the case that veterans have faced an uneven path to business financing. They do not establish that veteran status caused a denial or that unlawful discrimination explains the differences. The newer survey on the preceding pages measures a different period and does not show lower overall approval for veteran-owned applicants. [10][51]

Fair access requires usable choices

A financing shortfall has a practical meaning. A business may receive an offer that is too small to buy the equipment it needs. It may have to use family savings, delay an expansion, or keep looking. A partial approval can leave a real business need unmet.

DCUC's case for action rests on the documented access gaps and the way the law operates. Veterans should be able to seek a sound loan from a credit union that understands their needs. The cap can close that option based on the lender's overall loan book, even when a particular borrower meets its credit standards. [3][4]

The cap can add another barrier

Return to the repair-shop example. The veteran needs $250,000, but the credit union has $150,000 left under the cap. A loan that qualifies for the proposed exception would not use that remaining capacity. The lender could consider the full request under its normal lending standards. [1][2]

The bill would not cure every financing problem. It would remove a specific obstacle that Congress controls. Credit unions would still have to assess repayment ability, maintain capital and cash, and manage lending risk. That is a practical way to widen opportunity while protecting members. [1][2][35][36]

Congress should act on the evidence by giving qualified veterans more responsible borrowing options. Banking trade groups can argue over market share; public policy should focus on whether a veteran has a fair chance to obtain suitable credit.

4. Who and what the bill covers

The basic change

Both bills would add an exception for credit "made to a veteran." They use the veteran definition in Title 38 of federal law. Neither bill contains a detailed rule saying a business must be 51% veteran-owned. That 51% figure belongs to some research and programs. It is not written into these introduced bills. [1][2]

The House bill would take effect after a six-month period. The Senate bill uses 180 days. Those time periods are not always the same. The texts would need to be reconciled in a final measure. [1][2]

Not every military tie is the same under the law

The Title 38 definition concerns qualifying active service and the terms of discharge or release. Guard and Reserve service needs to be checked under the law's service rules. A person's military connection alone does not settle the question. [41]

A spouse or surviving family member would not qualify just through that relationship. That person might qualify based on their own service. These distinctions affect who could use the exception. They do not say whose business needs matter more. [1][2][41]

A person and a company can be different borrowers

Many owners run a business through a limited liability company, often called an LLC. In a loan file, the company may be the borrower rather than the owner. The bills do not fully spell out how the veteran exception would apply to each form of business. [1][2]

> **Maria owns the shop, but the LLC borrows**
>
> Maria is a veteran who owns a repair business. Her company, Maria's Auto LLC, applies for a loan. The lender needs to know whether the rule covers a loan to the company. That is not answered just by seeing Maria's service record. Clear rules about ownership and control would affect this case. Maria and her business are illustrative, not actual borrowers.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

Other questions follow. What happens with two owners, only one of whom is a veteran? What happens if the veteran sells the firm? How would a renewal or replacement loan be treated? The introduced bills do not give a full set of answers. [1][2]

The bill does not create membership everywhere

A person would still need to meet the credit union's membership and lending rules. The proposed exception is not a right to borrow from any credit union. It is also not a promise of a low rate or of business success. [1][2][45]

Existing balances raise another question. Would a qualifying loan already on the books get new cap treatment? What records would the lender need? This paper does not assume that every old veteran loan would automatically leave the count. Clear final text and guidance would be needed for those decisions.

What would stay in place

The loan still has to make sense

Taking a loan out of the cap does not erase the debt. It does not take the loan off the lender's books. It does not end the need to check whether the borrower can pay. [1][2]

NCUA's lending rules address board oversight, trained staff, written policies, and control of risk. Some smaller lenders and state-chartered credit unions have tailored rules. The same details do not apply to every credit union in exactly the same way. [35][36][45]

A lender still needs to review sales, bills, debts, and repayment plans. It may seek property to back the loan or an owner's promise to repay. It also checks how the new loan fits with its other loans. [36][37]

Three different needs: funds, ready cash, and a loss cushion

A credit union needs funds to make a loan. It needs enough ready cash to meet withdrawals and other needs. It also needs net worth to absorb losses. Changing a cap count does not create any of these resources. [6][34]

A loan that fits under the cap can still be too risky

A restaurant owner asks for $200,000 for a new dining room. The credit union has room under its cap. But the restaurant has lost money for months and cannot show how it will make the payments. Removing that loan from the cap would not fix the weak repayment plan. The lender could still say no.

ILLUSTRATIVE EXAMPLE — not an actual loan file

The same point works in reverse. A lender may have the cash and staff for a sound loan but lack room under the cap. The bill addresses that separate legal limit. It does not replace the other tests. [1][2][35][36]

Does the bill spend federal money?

The introduced texts do not set aside new federal funds for business loans. They do not create a new government loan program or a new federal guarantee. The loans would still have to be funded by the lender. [1][2]

That is a narrower point than saying there can be no cost to the federal government. A rule change may involve work to put it in place. It may also have effects on tax receipts or an insurance fund. This paper does not claim a verified zero-dollar budget score.

Federally insured credit unions use the National Credit Union Share Insurance Fund. It has the backing of the U.S. government. That is one reason loan losses and sound oversight remain relevant. Deposit insurance is not a promise that a borrower's business loan will be paid for them. [38]

An official budget review of final text would answer a different question from whether the bill creates a new spending program. Those two claims cannot be treated as the same finding.

5. What could change for a business

Another place to compare terms

The most direct possible effect is another loan option at a credit union that is near its cap. The lender must still want to make the loan and be able to fund it. The owner must still qualify. [1][2][4]

A borrower could compare the loan with offers from a bank or another lender. Rate, fees, repayment time, and property pledged all matter. A change in lender is not proof of a better deal. The terms have to be compared.

More choice might lead to different prices or service. It might not. A lender could gain room under the cap and decide not to use it. A veteran could receive two offers and choose the bank. These are possible paths, not forecasts.

> **The lower payment is not the whole story**
>
> A veteran bakery owner sees two loan offers. One has a smaller monthly payment because it lasts longer. The other has a larger payment but may cost less in total interest. The owner needs to compare fees, risk, and total cost, not just the lender's name. This example uses no actual loan offer or promised rate.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

Paying for growth before the new sales arrive

A business may have to pay for equipment, staff, and supplies before a new project brings in money. A loan can help bridge that gap. It also adds a bill that has to be paid if sales fall short.

> **A machine shop wins a large order**
>
> A veteran-owned shop gets an order for metal parts. It must buy material and pay staff before the customer pays the bill. A credit line could help cover that gap. The lender still needs to check the customer's order, the shop's costs, and the chance of late payment. Winning an order is not the same as having cash in the bank.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

Loan size is not a measure of success

A business that borrows less may be better able to handle a slow month. Another firm may need a larger loan to buy a useful piece of equipment. There is no single amount that fits every owner.

The useful question is what the money allows the firm to do and how it will be repaid. New equipment, more stock, or added staff may support growth. Poor sales, higher costs, or too much debt may offset those gains.

The studies reviewed do not give a reliable national forecast of extra lending from this bill. They also do not show how much new lending would replace other loans. Those gaps limit claims about jobs and economic growth.

A fair test would look beyond loan volume. It would ask whether the owner got useful terms, whether the business used the funds as planned, and whether the debt was repaid. The next page explains why household and local effects matter too.

The effects can reach beyond the owner

Business money and family money can overlap

Owners may draw on family savings when a business needs funds. That can leave less money for a home repair or an unexpected bill. GAO found that veteran owners often used personal resources to keep businesses running and make improvements. [12]

A business loan can give an owner a planned way to spread costs. It does not always protect family assets. An owner may sign a personal guarantee or pledge a house. The family can still face a loss if the business fails.

A home repair and a shop repair arrive together

A veteran uses $20,000 from family savings to replace a shop machine. A month later, the home's heating system fails. There is less cash left for that bill. A suitable business loan might have preserved some savings, but it would also add payments and interest. The choice depends on the full cost and risk, not just access to a loan.

ILLUSTRATIVE EXAMPLE — not an actual loan file

Reach will not be the same in every place

A veteran in a rural town may have different nearby lenders from a veteran in a large city. Online service, travel, membership rules, and the type of business can shape the options. The bill does not make every credit union offer every product. [1][2][45]

The research in this paper also does not describe every group of veterans in the same detail. The results cannot be assumed to be identical for Black veterans, women veterans, disabled veterans, or other groups. Clear data would be needed to see who receives loans and on what terms. [10]

Outreach and help with forms may affect access. Trained staff may help owners understand records or compare terms. Those services are separate from the cap change. They do not guarantee approval.

Local jobs and defense-related businesses

A growing business may hire staff or buy more from local suppliers. A veteran-owned supplier might also need funds to meet a defense-related order. Those are possible effects of a sound business with suitable credit. They do not follow automatically from the owner's service record.

DCUC's letters have linked capital access with the needs of veteran-owned and rural firms. That is part of its stated reason for supporting the proposal. The actual local effects would depend on the business, the loan, and the market. [27][43]

More business loans can also create tradeoffs

A credit union has limited funds and staff time. More business lending could use resources needed for other loans. It could spread risk across different borrowers, or put too much risk in one industry. The outcome depends on how the lender manages its loan book. [34][36]

For members, the question is broader than how many business loans get made. Service, rates, losses, and the lender's overall financial health also matter.

6. Questions in the banking debate

Bank trade groups have questioned broader business lending by credit unions. The American Bankers Association (ABA) has raised taxes, mission, and business property risk. The Independent Community Bankers of America (ICBA) has argued for taxing large credit unions. These are the groups' positions, not settled findings about this bill. [28][29][31]

Some sources address wider proposals. For example, ABA's letter on H.R. 4868 concerns a broader 2023 bill. It is not a letter on the veteran-specific H.R. 4867 or today's H.R. 507. Not every bank holds the same view. [29]

1. Banks already lend to veterans. What would change?

Banks do make small-business loans. The Federal Reserve has described community banks' role in relationship lending. An existing bank loan is not evidence that every veteran has the terms they need. Nor is a credit union offer always better. [42]

The cap bill could change the options at a covered credit union near its limit. To judge a real effect, the facts of the loan matter. Did the veteran have a bank offer? What were its terms? Would the credit union have made the loan without the cap? Those are separate questions. [1][2]

2. Do the approval numbers prove there is no problem?

No single approval rate answers every question. In the Federal Reserve comparison, 53% of veteran-owned applicants reported approval. The figure was 52% for firms with no veteran ownership. That does not show a broad approval disadvantage for veterans in that survey. [10]

It also does not show whether one credit union's cap blocked a particular loan. An average can describe a group without explaining each case. The same survey found more reported credit-access concerns among veteran-owned firms. The results do not identify the cause of each concern. [10]

3. What if only a few credit unions are near the cap?

Bank groups have argued that many credit unions have room to lend and some are exempt. Their 2020 letter made that case against broader expansion. Its counts are historical, not a current count for this paper. [30]

The number of lenders near a cap and the number of affected borrowers are not the same measure. A local credit union may face a limit even when the national system has room. On the other hand, a bill may have little direct effect at a lender far below the cap.

> **Two credit unions, two different results**
>
> A repair-shop owner uses a credit union close to its cap. Across the state, another credit union has lots of room but does not serve that owner. A national total of unused room does not show whether the shop can get a loan. This is an example of a possible gap, not proof of its national size.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

Existing exceptions and SBA loans

4. Don't low-income and CDFI exceptions cover this already?

Some lenders are already outside the cap. The rule includes qualifying low-income credit unions and certain credit unions in the Community Development Financial Institutions program, or CDFI program. It also includes other specific groups. [4]

These exceptions matter. A veteran exception would not give an already exempt lender more room under this cap. But that does not mean every veteran can use that lender. Membership, location, loan products, and available funds still matter.

The right comparison is between the choices open to a particular borrower. A nearby exempt credit union could already meet the need. In another case, it might not. The sources here do not measure how often either case occurs.

5. Aren't loans below $50,000 already outside the cap?

Many small loans are. Related business debts and the rule's other details have to be checked. A lender cannot assume each new request stands alone just because it is below $50,000. [3][5][7]

A small loan to start work may be followed by a much larger loan to grow. The Syracuse research described different needs at those stages. That helps explain why the current small-loan rule and the veteran bill do not cover the same ground. [13]

> **The cleaning business outgrows its first loan**
>
> A veteran starts a cleaning service with a $20,000 loan. Later, the owner seeks $90,000 for vans and supplies to serve new customers. The earlier small loan may have been outside the cap. The later request needs a new review under the cap rules. Growth changes the amount at stake; it does not promise approval.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

6. Why not just use an SBA loan?

SBA programs are one source of business credit. GAO found increased veteran use of its major lending programs from fiscal 2019 to fiscal 2024. The Legion also supported SBA changes in the same statement that backed Vets MBL. [12][46]

An SBA-backed loan and a regular loan can have different terms and rules. The owner's business, the purpose of the loan, fees, timing, and the required down payment can affect the choice. A guarantee does not make every deal work.

The amount of government backing also affects the cap count. A full guarantee can keep a qualifying loan outside it. With a partial guarantee, the lender's remaining share may still count. The same borrower debt can therefore get different cap treatment based on the loan structure. [4][6]

DCUC has discussed SBA improvements along with veteran cap relief. That records its support for more than one tool. It does not establish which loan type will fit each firm. [44]

Taxes, public funds, and competition

7. Is this a new taxpayer-funded loan program?

The introduced bills create no new pool of federal loan money. They create no new federal guarantee for these loans. They change which loans enter the credit union cap count. [1][2]

That does not settle every question about federal cost or risk. There may be costs to put a rule in place. The share insurance fund also has government backing. A formal budget estimate would be needed to assess final text. This paper does not treat "no new loan fund" as proof of "no possible public cost." [38]

8. Do tax differences create an unfair advantage?

Federal income-tax treatment does differ between banks and credit unions. IRS guidance describes the exemptions for federal credit unions and qualifying state-chartered credit unions. The tax rules are not being changed by these bills. [1][2][32]

Bank groups argue that the difference affects competition. Credit union advocates focus on their member-owned structure and the services members receive. The dispute covers more than the veteran loan exception. It also involves how the two types of institutions are governed and regulated. [21][29][31]

An analysis can compare actual loan terms, access, tax treatment, and costs. A change in market share alone does not show whether a borrower gained or lost. This paper does not resolve the larger tax-policy dispute.

9. What about banks that use S corporation tax rules?

An S corporation generally passes its income and losses through to its owners for federal tax purposes. The owners report their shares on their own tax returns. In general, the same income is not also taxed at the company level, though exceptions exist. [33]

That differs from a credit union's federal income-tax exemption. It is not accurate to describe pass-through income as money that nobody pays tax on. A comparison needs to identify who pays the tax and at what level. [32][33]

> **A business profit can appear on the owner's return**
>
> Imagine an S corporation earns a profit and passes the tax items through to its owners. The owners generally report their shares even if not all the cash is paid out. The tax has not simply vanished. This is a simplified example of pass-through tax treatment, not tax advice for a specific firm. [33]
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

The Vets MBL bill and the tax debate may meet in a discussion of competition. They remain separate changes to separate parts of law. The bill text changes the business loan definition. The bank groups' wider tax demands would require their own policy choices. [1][2][31]

Mission, large loans, and risk

10. Does business lending move away from the credit union mission?

ABA has argued that broader business lending can move credit unions away from serving people of modest means. DCUC's stated view connects veteran business credit with service to members and military communities. These are different views of the mission. [21][29]

A small-business loan can help fund an owner's livelihood. That does not mean every large property loan serves the same need. Loan size, purpose, terms, and the people reached can help show what a program actually does.

Those facts are more specific than a claim that all business lending fits the mission or none of it does. A veteran label alone does not answer every question about who benefits.

11. Could wealthy owners or large property projects qualify?

The introduced texts do not set an income limit, a small-business size test, or a separate dollar ceiling for the exception. They also do not limit it to one industry. The phrase "small business" cannot be used to imply limits the text does not contain. [1][2]

That leaves questions about reach. Would most loans serve small local firms? How many would fund large projects? How would loans to companies with several owners qualify? The bill text and data on actual borrowers would be needed to answer those questions.

12. Could more business lending lead to more losses?

Yes, a lender that makes more loans can take on more risk. A veteran-owned business can fail. A building or machine can lose value. A customer can miss payments. A cap exception does not change those facts.

ABA's 2026 analysis raised concerns about commercial loan growth and property risk. NCUA's 2026 priorities also address credit quality and the health of lender balance sheets. Those sources have different roles: an industry argument and a regulator's focus. [28][34]

> **One road closes, and several borrowers lose sales**
>
> A credit union lends heavily to shops along the same road. A long road project reduces traffic. Several borrowers lose sales at once. Each loan might have looked sound on its own, but the group shares a risk. That is why lenders review the whole loan book, not just one business plan. [36]
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

Limits on exposure to one kind of borrower or industry are one way to manage that risk. Trained staff, clear loan policies, regular review, and enough funds to absorb losses also matter. These tools do not make losses impossible. [35][36][37]

The bill could remove a cap obstacle at a strong lender. It could also leave a weak lender with more room than it can safely use. The law's loan count and the lender's real ability to manage risk remain different tests.

Oversight and actual borrower benefits

13. Are credit unions ready for more business lending?

Some have experienced business loan teams. Others do not. More room under a cap does not train a loan officer or build a working loan system. Readiness has to be assessed lender by lender.

NCUA's rules already address trained staff, board oversight, and loan policies. Its examiner guidance covers commercial loan review. That shows an existing oversight system, not proof that every lender has the same skills. [35][36][37]

Shared staff or outside experts may help. The credit union still needs to understand the loans it approves and oversee the work. A signed contract with an expert is not the same as sound results. [35]

14. Does lending above 12.25% prove a credit union broke the law?

Not by itself. The total of all commercial loans is not the same as the total that counts under this cap. Some loans do not count. Some credit unions are exempt. The legal calculation needs those facts. [4][7]

A ratio can flag a question. It cannot answer that question without the right definitions. This does not prove every lender follows the rule. It means the headline percentage alone is not proof of a violation.

15. Would the bill just move loans away from banks?

Some owners might move an existing loan. Others might get credit they could not get before. These are different outcomes. A rise in credit union loans is not automatically a rise in total credit to the economy.

A replacement loan may still change the owner's fees, payment schedule, or property pledge. Whether that helps requires a comparison of terms. Counting loan dollars alone misses that detail.

> **The same $100,000 debt moves to another lender**
>
> A shop replaces a $100,000 bank loan with a $100,000 credit union loan. Total debt has not grown. A report of $100,000 in credit union lending should not call all of it new credit. The borrower might still gain from different terms, but that needs to be shown.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

16. Does the lack of federal CRA coverage mean no fair-lending rules apply?

The federal Community Reinvestment Act, or CRA, generally covers banks, not credit unions. It reviews how covered banks serve local credit needs. That is a real difference in the rules. [40]

But the Equal Credit Opportunity Act applies to credit unions and to business credit. It bars certain forms of discrimination in lending. The veteran cap bills do not repeal those duties. CRA coverage and fair-lending law are not the same thing. [1][2][39]

A separate debate over CRA coverage would not, by itself, show how the veteran exception changes loan access. Information on who applies, who receives credit, and the terms would address that different question.

Eligibility, other members, and timing

17. Could investors use a veteran's name to get around the cap?

That is a possible design risk. A company might list a veteran as an owner while other people hold the real control or receive most of the benefit. The final ownership rules would affect how that case is treated.

The introduced bills do not set out a full ownership test or a detailed process to prevent abuse. More proof could make abuse harder. It could also add costs for small borrowers and lenders. The rules would have to address both effects. [1][2]

> **A name on a form is not the whole story**
>
> An investor adds a veteran as a small owner of a property firm. The investor still makes all the decisions. A lender cannot assume that the veteran's name alone settles whether the loan qualifies. Ownership and control rules would be needed to judge it. This is a possible situation, not an allegation about a real firm.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

18. Why does the bill cover veterans, but not all military families?

The introduced bills use a legal definition of veteran. They do not create a general exception for every spouse, survivor, or person with military ties. The Legion has backed that veteran-specific approach in its stated position. [1][2][41][46]

That scope leaves some owners outside the exception. It does not prove their financing needs are smaller. A broader family-based bill or a change for all business borrowers would be a different policy choice.

Research groups and loan programs can use different definitions. The bill's reach has to be judged from its own language, not from a label used in a survey.

19. Could more business loans mean fewer loans for other members?

That is possible, but it is not certain. Funds and staff time are limited. A large push into one loan type could affect other services. A careful program might instead add a useful mix of loans and income. The facts depend on each credit union.

The introduced bills do not set a loan quota. A lender could choose how much of the added room to use, subject to other rules. Its board would still have to consider funds, risk, and service to the whole membership. [1][2][35][36]

20. Why not become a bank, or wait for a larger bill?

Becoming a bank would be a much broader choice than changing one loan count. It could affect ownership, taxes, oversight, and the whole business plan. It is not the same action as a veteran exception to the MBL cap.

A standalone bill and a provision in a larger package are also different routes. Neither route is assured here. The committees, final text, and rules of Congress would shape what happens. This paper does not predict a vote, a date, or a legislative outcome.

7. Putting a new rule into practice

The points below concern how a new law would work. They are not duties already written into the bills. Clear answers would affect how borrowers and lenders use a final exception. [1][2]

Who borrows, and who owns the business?

A lender would need a clear way to decide whether the borrower qualifies. The answer may involve the veteran's service, the legal name on the loan, and the ownership of a company. A joint loan could need a different review from a loan to one owner.

Changes over time also matter. An owner may retire, sell a share, or pass away. A business may refinance or change its legal form. Rules could address what records are needed and when a lender has to check them again.

Proof should answer the actual question

Service and ownership records can contain private details. Checking eligibility does not mean every detail belongs in a loan file. More paperwork might catch some errors while making the process harder to use. That tradeoff would need to be considered.

> **A veteran has to submit the same records again**
>
> A veteran shop owner brings service records and company papers to the lender. A month later, another part of the lender asks for the same files. A clear checklist and secure record system could reduce repeats. It would still need to preserve enough proof for a sound eligibility decision. This is an illustration, not a claim about a particular lender.
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

Lenders need a plan, not just new room

An experienced loan team, clear limits, enough funds, and sound review are part of a lending program. NCUA's rules and guidance cover these areas. The cap exception would not replace them. [34][35][36][37]

A board would also need to understand the effect on the rest of its loans. What happens if sales fall in a key industry? What happens if several borrowers cannot pay at once? Those questions concern actual losses, even when the loans do not count under the cap. [36]

Existing loan balances, credit lines, government guarantees, and sales of loan shares would need clear reporting treatment. A valid sale can change risk and the cap count. A trade designed only to dodge the cap is a different matter. [4][6]

Borrowers may need help getting ready

Useful help can be basic: keeping records, setting prices, planning for wages, and knowing when cash will arrive. The Syracuse testimony describes loan readiness as distinct from access to funds. [13]

Training cannot promise a later approval. A referral for help also cannot explain away a denial caused by a legal cap. Clear reasons help the owner see whether to improve the plan, seek a different product, or try another lender.

How to tell whether borrowers benefit

A larger loan total is one fact, not the full answer. To understand a rule's effects, reviewers need to know what happened to borrowers, loans, and lenders. These are possible review questions, not reports required by the introduced bills. [1][2]

Everyday situation to follow	What a review could check
The repair shop receives a loan after its credit union gains room under the cap.	Was the cap the only reason it could not borrow before? Did the owner qualify under all the other rules?
The bakery moves a loan from a bank to a credit union.	Did total credit grow, or did the lender change? Were fees, rates, repayment time, or guarantees different?
The machine shop buys equipment and adds a worker.	Were those changes funded by this loan? Did other orders or changes in the economy also play a part?
A rural service firm can apply, but gives up during the process.	Were forms, membership rules, travel, or missing records the barrier? More room under the cap may not solve that problem.
Several new business loans fall behind on payments.	What were the losses? Was too much lent to one industry? Did the lender have enough net worth and ready cash?

Illustrative situations, not actual loan files.

Keep the starting point clear

Imagine business lending rises after a law changes. That does not prove the law caused the whole rise. Rates may have fallen. Sales may have grown. The credit union may have added staff or merged with another lender.

A useful comparison could track similar lenders and borrowers. It could separate credit unions already exempt from the cap from those affected by the change. It could also compare new loans with replacement loans. The aim would be to isolate the cap's role rather than credit it for every change.

Check terms and repayment, not just approval

A loan approval does not show the full cost. Fees, pledged property, and an owner's personal promise to pay may matter as much as the stated rate. The monthly bill also has to fit the firm's cash flow.

Early records could show who received loans and for what purpose. Later records could show whether payments stayed on time and whether losses grew. Business results take time to observe. A new loan cannot show its full track record in its first week.

Avoid collecting more than is useful

A new report can cost time and money. Using sound data already collected could reduce repeat work. Any new request would have to balance useful oversight with privacy and the burden on small firms.

The paper does not offer a national jobs estimate or a dollar target for new loans. The examples show what could be measured. They are not proof that those outcomes have occurred.

8. The questions before Congress

DCUC urges Congress to enact the Veterans Member Business Loan Act before the 119th Congress ends. The bills would exclude qualifying credit made to veterans from the MBL cap. They create no new federal loan fund or guarantee and preserve the lender's responsibility to make sound loans. [1][2]

The bills were referred to the House Financial Services Committee and the Senate Banking, Housing, and Urban Affairs Committee. This paper reviews their introduced versions. [19][20]

What the final text would need to make clear

The bills leave practical questions about loans to companies, ownership, records, and old balances. The House and Senate timing language also differs. These points affect how a lender would apply the rule. [1][2]

An official budget review would address fiscal effects. Loan records could help identify when the cap blocks credit. Neither question is answered simply by the absence of a new spending program.

The support and concerns are both documented

The American Legion backed the bill in its December 2025 statement. It then joined DCUC's January 2026 letter seeking passage. Their stated aim is to give veteran business owners more access to credit union lending. That support is part of the public record. [21][22][46][47]

Bank trade groups have raised wider concerns about taxes, mission, competition, and commercial risk. Some of their cited material concerns broader credit union proposals. The exact bill and claim have to be kept clear when comparing views. [28][29][30][31]

The evidence of financing barriers strengthens the case for widening veterans' lending choices. Congress should focus on whether qualified borrowers can obtain suitable credit, while preserving standards for repayment and lender safety. [10][12][51]

What a local example can add

A real loan file can show whether the cap was the actual barrier. It can show the loan purpose, amount, membership fit, repayment plan, and room under the cap. It can also show whether another lender offered credit.

Names and private records are not needed in a public example. A summary can explain the issue without exposing an owner's finances. But a summary still needs to reflect the true reason the loan did not go forward.

> **Back to the repair shop**
>
> The owner wants equipment to serve more customers. The lender has to check the business, its own resources, and the rules. The bill would change one of those rules. To judge its effect, the useful questions are practical: Was a loan made? Did its terms fit? Was it repaid? Did the business gain from it?
>
> ILLUSTRATIVE EXAMPLE — not an actual loan file

The House Financial Services Committee and Senate Banking Committee should advance the legislation. Congressional leaders should secure a path to enactment this year, including an appropriate legislative package if needed. Credit union leaders and veterans' advocates should ask their lawmakers for a concrete commitment to passage.

A few terms, in everyday words

Words used in this paper

Assets: Things a credit union owns, such as cash, loans, and investments. A business loan is an asset to the lender because the borrower owes it money.

Capital or net worth: The amount left after debts are taken from assets. For a credit union, net worth helps absorb losses. It is not a separate pot of unused cash.

Cash flow: When money comes in and when it goes out. A shop can make a profit on an order but still need cash to pay staff before the customer pays.

Collateral: Property pledged to back a loan. It might be a truck, a machine, savings, or a home. The owner can lose it if the debt is not paid.

Credit line: An agreement to borrow up to a limit as needed. Promises to lend can matter in the cap count even before all the funds are drawn. [4][6]

Exclusion: A loan that does not count under this cap. **Exemption:** A credit union that does not have to follow this cap because it meets a listed test. Other rules still apply. [4]

Guarantee: A promise by another party to repay some or all of a debt if the borrower does not. Government backing and an owner's personal guarantee are different promises.

Liquidity: Having enough cash, or assets that can be turned into cash, to meet needs as they come due.

Refinance: Replace an existing loan with a new one. A refinance can change the rate or payment plan without creating more total credit.

Underwriting: A lender's review of whether a borrower can repay and whether the loan's terms and risks make sense. [36][37]

How to use the research

This paper was updated September 30, 2026. A report's release date is not always the year it measured. The Census and Federal Reserve sections label the years and the groups behind the numbers.

Survey findings do not describe every veteran or every town. They do not show which lender caused each problem. The examples in boxes and tables use made-up names and amounts to explain realistic situations. They are not actual loan files or documented denials.

The discussion of future rules and review is not a list of duties already in the bills. No guaranteed jobs gain, new-loan total, or verified zero-cost budget score is claimed here.

The numbered links open the sources directly. Government sources explain law and data. The Legion, DCUC, ABA, and ICBA sources document those groups' positions. The source register that follows keeps the original research trail available.

Sources and direct links

Research trail for this September 2026 white paper. Report dates and the years measured are listed separately. Organization letters record positions; they do not replace the law or research.

[1] U.S. Congress. H.R. 507, Veterans Member Business Loan Act, introduced text

January 16, 2025; sections 1–2.

[2] U.S. Congress. S. 110, Veterans Member Business Loan Act, introduced text

January 16, 2025; sections 1–2.

[3] U.S. Code / Government Publishing Office. 12 U.S.C. 1757a: Limitation on member business loans

2024 edition, including statutory history and 2018 amendment notes.

[4] eCFR / National Credit Union Administration. 12 CFR 723.8: Aggregate member business loan limit; exclusions and exceptions

Rule cited in the September 2026 source review.

[5] eCFR / National Credit Union Administration. 12 CFR 723.2: Definitions

Commercial lending definitions; current regulation consulted September 2026.

[6] National Credit Union Administration. Examiner's Guide: Aggregate MBL Limit

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[7] National Credit Union Administration. 5300 Call Report FAQs

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[8] U.S. Census Bureau. Business Owner Characteristics

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[9] U.S. Census Bureau. Employer Businesses: Owner Characteristics

December 19, 2024 release; 2023 Annual Business Survey, reference year 2022.

[10] Federal Reserve Banks. 2026 Firms in Focus: Chartbook on Veteran-owned Firms

2025 Small Business Credit Survey. Relevant printed pages 13–14 and 37–38; distinct respondent denominators.

[11] Federal Reserve Small Business Credit Survey. See hundreds of charts breaking down small business data

April 2, 2026; survey field dates, employer response count, and chartbook context.

[12] U.S. Government Accountability Office. Financial Literacy and Small Business Lending: Resources Available to Military-Affiliated People

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Sources and direct links, continued

[13] D'Aniello Institute for Veterans and Military Families, Syracuse University. From Service to Startup: Empowering Veteran Entrepreneurs

December 10, 2025 congressional testimony; startup/growth needs and capital readiness.

[14] U.S. Department of the Treasury. Release of congressionally mandated credit union reports

January 18, 2001; historical context, not contemporary market measurement.

[15] National Credit Union Administration. NCUA Board Modernizes Member-Business Lending Rule to Provide Flexibility

February 18, 2016; principles-based rule and preservation of the statutory cap.

[16] U.S. Congress / Government Publishing Office. S. 2834, Veterans Members Business Loan Act

116th Congress; introduced November 12, 2019.

[17] U.S. Congress / Government Publishing Office. H.R. 4867, Veterans Members Business Loan Act

118th Congress; introduced July 25, 2023.

[18] U.S. Congress / Government Publishing Office. S. 539, Veterans Member Business Loan Act

118th Congress; introduced February 28, 2023.

[19] Congress.gov. H.R. 507: All Actions

119th Congress; official House action record consulted for this paper.

[20] U.S. Congress / Government Publishing Office. S. 110: Introduced-in-Senate record

119th Congress; January 16, 2025 introduction and committee referral.

[21] Defense Credit Union Council and The American Legion. Joint congressional letter supporting the Veterans Member Business Loan Act

January 21, 2026. Cited for the organizations' position, not for older numerical estimates.

[22] The American Legion. Legion to Congress: Remove unfair barriers to capital for veteran-owned small businesses

January 2026; veterans service organization support.

[23] Defense Credit Union Council. DCUC Calls on House Small Business Committee to Support Veteran Small Business Loans

February 4, 2025; congressional advocacy.

[24] Defense Credit Union Council. DCUC Calls for Removal of Lending Barriers for Veteran Entrepreneurs in Comments to House Small Business Committee

December 2025; congressional advocacy.

Sources and direct links, continued

[25] Defense Credit Union Council. DCUC Supports Expansion of Credit Union Lending to Boost Veteran Entrepreneurship

May 1, 2026; Senate Small Business Committee letter described in the release.

[26] Defense Credit Union Council. DCUC Calls for Action on Credit Union Access to Capital Ahead of House Hearing

September 16, 2026; continued advocacy.

[27] Defense Credit Union Council. DCUC Urges Congress to Expand Access to Capital for Veteran-Owned and Rural Small Businesses

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[28] ABA Banking Journal / American Bankers Association. Risky business

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[29] American Bankers Association. Letter re Member Business Loan Expansion Act (H.R. 4868)

118th Congress. This is a broader bill, not the veteran-specific H.R. 4867 or current H.R. 507.

[30] American Bankers Association and state bankers associations. Letter on credit union business lending authority

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[31] Independent Community Bankers of America. ICBA Advocacy Priorities

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[32] Internal Revenue Service. Publication 557: Tax-Exempt Status for Your Organization

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[33] Internal Revenue Service. S corporations

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[34] National Credit Union Administration. NCUA's 2026 Supervisory Priorities

Letter 26-CU-01, January 2026; credit quality, capital, liquidity, and risk management.

[35] eCFR / National Credit Union Administration. 12 CFR 723.3: Board of directors and management responsibilities

Applicable commercial-lending governance and expertise requirements.

[36] eCFR / National Credit Union Administration. 12 CFR 723.4: Commercial loan policy

Applicable commercial-lending policies, portfolio controls, and underwriting framework.

Sources and direct links, continued

[37] National Credit Union Administration. Examiner's Guide: Commercial and Member Business Loans

Purpose and scope of Part 723 and the supervisory framework.

[38] National Credit Union Administration. NCUA Issues 2026 Supervisory Priorities Letter to Credit Unions

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