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DEFENSE CREDIT UNION COUNCIL

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The Honorable Andy Barr	The Honorable Bill Foster
Chairman	Ranking Member
Subcommittee on Financial Institutions	Subcommittee on Financial Institutions
Committee on Financial Services	Committee on Financial Services
U.S. House of Representatives	U.S. House of Representatives
2129 Rayburn House Office Building	2129 Rayburn House Office Building
Washington, DC 20515	Washington, DC 20515

Re: Main Street Capital Access Act—Congress Must Also Advance Credit Union Lending and Field-of-Membership Reform

Dear Chairman Barr and Ranking Member Foster:

On behalf of the Defense Credit Union Council (DCUC), the voice for defense credit unions and the servicemembers, military families, and veterans they serve, I respectfully submit these comments for the Subcommittee's September 18 hearing, "Main Street Capital Access Act: Empowering Community Banks to Drive Economic Growth." We appreciate your attention to community-based financial institutions and the importance of expanding access to responsible financing. We ask that the Subcommittee apply that same commitment to the credit unions serving Main Street alongside community banks.

DCUC has supported H.R. 6955, the Main Street Capital Access Act, while explicitly calling for a complementary credit union legislative package. Our support for the bill's constructive reforms should not be mistaken for acceptance of an unfinished agenda. In our July public comments, we emphasized that advancing this legislation should be followed by substantive attention to the needs of member-owned financial institutions. That remains our position.

At a minimum, Congress should enact Veterans Member Business Loan reform and meaningful field-of-membership reform before the conclusion of the 119th Congress. These should be the foundation of a credit union access-to-capital agenda—not aspirations deferred until another Congress.

Our concern is specific: H.R. 6955 includes meaningful credit union regulatory relief, but it does not provide a veterans business-lending exemption or modernize credit union membership eligibility. The distinction matters. Reducing the cost of supervision is valuable; removing statutory barriers to serving an eligible borrower or an underserved community is a different, equally necessary task.

Accordingly, we respectfully ask: **Why are credit unions being left out again of the statutory access reforms that would allow them to do more for Main Street?**

We are not asking Congress to choose credit unions over community banks, weaken safety and soundness, or make fundamentally different charters identical. We are asking Congress to apply a consistent principle: when outdated law unnecessarily restricts responsible community lending, lawmakers should address the restriction regardless of the institution's charter.

DCUC has repeatedly identified the reforms Congress should advance

These requests are not new, nor have they been presented without specificity.

In our **January 21, 2026 letter concerning the Committee's January 22 markup**, DCUC expressly raised the omission of credit-union-specific legislation. We identified field-of-membership modernization, a veterans member-business-lending exemption, and permanent Central Liquidity Facility enhancements as priorities deserving consideration. We asked the Committee to treat credit union legislation as a priority rather than an afterthought, even as we supported other measures on its agenda.

Also on **January 21**, DCUC and The American Legion jointly urged congressional leadership to advance **H.R. 507 and S. 110, the Veterans Member Business Loan Act**. That request connected the lending reform directly to veterans' opportunities to establish and expand businesses after military service.

Our **March 16 letter to House and Senate financial services leaders** again requested inclusion of veterans business-lending reform, CLF enhancements, and other credit union priorities in broader legislation. Our approach has consistently been to identify practical legislative opportunities and offer targeted provisions—not simply request general expressions of support.

Most directly, our **July 20 letter supporting H.R. 6955** proposed a two-step approach: advance the bill's worthwhile reforms, then pursue a dedicated credit union package. We specifically called for cooperative-charter formation and capitalization reforms, permanent CLF modernization, veterans business-lending relief, substantive fintech and credit union service organization modernization, and more predictable application and merger procedures.

More recently, our **August 30 letter concerning the September 2 House Small Business Subcommittee hearing** again requested both veterans lending reform and broader authority for qualified federal credit unions to serve underserved communities. In our September 1 public comments, I explained the underlying problem: "Regulatory relief alone will not solve the access problem if credit unions remain legally prohibited from serving communities that need financial services."

The record is clear. DCUC has supported broader financial services modernization while repeatedly identifying the additional legislation credit unions need. We now ask the Subcommittee to help turn those requests into a concrete legislative timetable.

Preserve the bill's genuine credit union benefits

A fair comparison must acknowledge where H.R. 6955 provides shared relief.

Section 201 includes the NCUA in regulatory tailoring. Sections 301 and 302 address examination standards and review procedures; Section 204 indexes certain credit union thresholds; and Sections 402 and 403 address nonbinding guidance and regulatory review. These are meaningful reforms, not merely bank benefits that might indirectly help credit unions.

Section 303 expressly provides qualifying, well-managed and well-capitalized insured credit unions with **$6 billion or less in assets** alternating full-scope and limited-scope examinations and opportunities to combine otherwise separate examinations. DCUC strongly supports preserving this relief.

Nevertheless, examination reform and lending authority answer different questions. A more efficient examination can reduce administrative burdens. It cannot, by itself, authorize an institution to serve someone outside its permissible membership or exempt an otherwise qualifying veteran business loan from the aggregate lending cap.

Congress should therefore distinguish between **how efficiently a credit union is supervised** and **what that credit union is legally permitted to do for its community**. A comprehensive Main Street agenda must address both.

Where bank-specific modernization lacks a corresponding credit union reform

New institution formation and capital flexibility. Section 101 strengthens the new-bank capital phase-in framework. Section 202 increases the Small Bank Holding Company Policy Statement's asset threshold from $3 billion to $6 billion. Section 102 includes credit union charter-application reporting, but reporting is not a corresponding capitalization reform.

The policy question is not whether a cooperative should receive a bank holding company's financing structure. It is whether Congress will undertake equally serious work to address the cooperative charter's own formation and growth barriers.

As our July letter explained, new credit unions need a framework suited to their ownership and capital structure. A report showing how many charter applications were received or approved can identify a problem; it cannot substitute for resolving that problem. We urge Congress to develop safe, workable provisions addressing the capitalization and organizational challenges facing new member-owned institutions.

Charter differences should guide the design of legislation—not become a reason to postpone it.

Merger certainty and opportunities to grow. Section 601 relaxes specified competition-review requirements for qualifying bank mergers resulting in institutions below $10 billion, subject to geographic safeguards. Section 604 establishes 30-day completeness determinations and 120-day final-action deadlines for covered banking applications, subject to specified extensions. Sections 602 and 603 include NCUA-related studies and reviews, but Section 604 does not extend equivalent statutory deadlines to credit union applications.

Studies and process reviews are useful. They are not the same as an enforceable timetable for a decision.

Credit unions should receive comparable attention to reasonable application-completeness standards, timely decisions, and clear explanations of agency concerns. Such reforms should preserve member rights, appropriate field-of-membership review, and safety-and-soundness protections. We are asking for a reliable process—not automatic approval of unsuitable transactions.

Moreover, merger efficiency should not be Congress's only answer to community access. A sound credit union should also have a workable opportunity to expand service into an underserved community without relying on consolidation as the route to reaching new members.

Funding and liquidity. Section 502 expands reciprocal-deposit flexibility under banking law. Section 501 directs a review and remediation plan for the Federal Reserve's discount window.

Credit unions already have access to the discount window when eligible; it would be incorrect to describe that facility as exclusively available to banks. Its modernization can therefore have broader value.

But shared access to one liquidity channel does not eliminate the need to modernize the credit union system's own Central Liquidity Facility. DCUC has repeatedly requested permanent improvements, including dependable access through agent arrangements for smaller institutions. Our March letter specifically connected stronger CLF access to credit unions' ability to continue serving borrowers during financial disruption.

Congress should apply the same practical test across charters: will the institution have a dependable, appropriately supervised funding framework that supports continued service when market conditions become difficult?

Investment and technology modernization. Section 801 modernizes merchant-banking investment holding periods under the Bank Holding Company Act. Section 802 requires fintech partnership studies for both banks and credit unions, but does not itself provide substantive CUSO modernization.

The distinction is important. Merchant-banking provisions concern qualifying financial holding companies, not every community bank. And Section 802 does not grant banks new fintech authority while limiting credit unions to a study; both sectors receive studies.

Our request is for comparable legislative attention, not mechanical duplication of bank powers. Congress should determine what additional, charter-appropriate authority credit unions and credit union service organizations need to support responsible technology partnerships, then act on that determination. A study should inform legislation, not become a permanent substitute for it.

These comparisons illustrate our central concern: Congress is addressing multiple bank-specific pathways to formation, funding, investment, and growth. Credit unions' distinct pathways to serving more Main Street borrowers deserve the same deliberate treatment.

At minimum, pass the Veterans Member Business Loan Act

The clearest immediate opportunity is the Veterans Member Business Loan Act.

For federally insured credit unions subject to the aggregate member-business-lending limit, the ceiling is generally the lesser of **12.25 percent of assets or 1.75 times actual net worth**. Certain institutions and loans qualify for exclusions or exemptions, so the restriction does not apply identically throughout the credit union system. But for institutions subject to it, the limit can constrain additional qualifying business lending independently of an individual borrower's creditworthiness.

That is the relevant competitive distinction: commercial banks are not bound by this credit-union-specific aggregate member-business-loan ceiling. Giving banks additional tools to expand lending while leaving this separate restriction unaddressed does not complete the work of expanding borrower choice.

H.R. 507 would amend the Federal Credit Union Act's member-business-loan definition to exclude loans made to veterans, using the veteran definition in Title 38. It does not establish a new federal lending program or appropriate money for business loans. The operative reform is a targeted change to how qualifying loans are counted under the statutory limit.

Congress should advance H.R. 507 and its Senate counterpart, S. 110, while retaining strong underwriting, supervision, capital standards, and safety-and-soundness protections. That is the approach DCUC has consistently advocated—not a guarantee that every veteran's application will be approved.

A veteran's service does not eliminate credit risk, and no responsible lender should pretend otherwise. But a qualified veteran should have the opportunity to receive a loan decision based on repayment capacity, a sound business plan, and the lender's ability to manage the exposure—not an avoidable statutory constraint on that lender's aggregate business portfolio.

Consider the policy objective from the borrower's perspective. A veteran seeking financing for an equipment purchase, a local contracting business, or an expansion that would support additional employees needs a responsible lender willing and legally able to consider the application. Congress should want more qualified institutions available to compete for that business.

Supporting veteran entrepreneurship should mean more than recognizing veterans' contributions. It should include removing a specific statutory obstacle to financing their next contribution.

This targeted reform should be a minimum deliverable of the Committee's Main Street agenda.

Field-of-membership reform is the other indispensable minimum

Lending capacity is only one part of the access problem. A credit union also needs the legal authority to establish the member relationship through which it will provide service.

NCUA's chartering guidance states that only multiple-common-bond federal credit unions can add an underserved area through that particular expansion authority. Other charter types may serve underserved people within their permissible fields of membership, but they do not have the same statutory route for adding underserved areas.

Congress should modernize that framework so that **qualified federal credit unions of all charter types may apply to serve underserved communities**, subject to appropriate NCUA review and a credible service plan. This would extend an opportunity to seek approval—not guarantee approval, eliminate the cooperative model, or permit unrestricted expansion without accountability.

This is not a newly discovered concern. In congressional testimony in 2015, NCUA itself recommended allowing all federal credit unions to add underserved areas and identified opportunities to simplify the applicable statutory framework. The current chartering guidance demonstrates why congressional attention remains necessary.

DCUC's August 30 recommendations provide a practical starting point: make underserved-area expansion available more broadly; address the realities of rural geography and service distances; improve application timeliness; and recognize appropriate combinations of branches, shared facilities, mobile service, and secure digital delivery. The objective should be demonstrable service to the community, supported by adequate resources and a credible operating plan.

We are not proposing that technology excuse an institution from serving its members. We are asking Congress to let institutions demonstrate how they will deliver meaningful access rather than assume that a single prescribed delivery model will fit every community.

Veterans lending reform and field-of-membership reform are complementary. The first addresses a constraint on financing qualifying veteran borrowers. The second addresses whether a credit union can establish the necessary membership relationship in the first place. Addressing only one leaves an avoidable gap.

A Main Street business should not lose a potential financing option simply because Congress modernized the rules governing one type of community lender while indefinitely postponing the rules governing another.

A fair playing field requires a defined legislative path

We recognize the Committee's substantial workload and the need to build bipartisan agreement. We also recognize that every proposal must withstand scrutiny. We welcome that scrutiny and are prepared to discuss safeguards, implementation, and operational details.

But scrutiny should lead to consideration and decisions not indefinite deferral.

We respectfully ask the Subcommittee to work with the full Committee to establish a public timetable for consideration of **Veterans Member Business Loan legislation and field-of-membership modernization during this Congress**. Where members have concerns, identify them specifically so that credit unions, regulators, and congressional staff can work through the statutory language.

We also ask you to coordinate with Senate counterparts on an effective path to enactment, whether through further consideration of the Main Street legislation or a complementary credit union package. DCUC's position should remain unmistakable: preserve the shared relief already developed, continue advancing constructive community-bank reforms, and move the credit-union-specific access agenda forward alongside them.

Our requested minimum should not become a ceiling. Cooperative-charter formation, CLF modernization, responsible CUSO authority, and predictable applications warrant continued work. But Congress should not allow the scope of a larger package to become the reason that two concrete access reforms remain unfinished.

The Committee's own explanation of H.R. 6955 emphasizes helping community institutions compete, supporting local lending, and responding to communities with limited financial access. We agree with those objectives. The next question is whether Congress will apply them consistently to the institutions and borrowers whose needs are not yet addressed.

Credit unions should not have to oppose worthwhile bank legislation to obtain attention to their own statutory needs. Nor should support for that legislation require accepting that credit union members will receive consideration only at some unspecified later date.

We ask for an affirmative answer to a straightforward question: **What is the legislative path, in this Congress, for allowing credit unions to make more qualifying loans to veterans and serve more underserved communities?**

Thank you for your leadership and for considering these recommendations. DCUC stands ready to work with you and your colleagues on technically sound, bipartisan legislation that expands financial access while preserving strong supervision and the member-owned credit union model.

Main Street does not begin and end with a commercial bank charter. A complete access-to-capital agenda should reflect that reality.

Serving ALL Who Serve,

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Cc: Members of the House Financial Services Committee