Military Business Lending Exemption

Defense Credit Unions have been making member-business loans (MBLs) since they first started appearing on military installations in the early 1900s. Throughout their history, there was no limitation or cap on the amount of business. The current cap was imposed by Congress through the Credit Union Membership Access Act of 1998.

STANCE
DCUC supports legislation to amend the Federal Credit Union Act to exclude extensions of credit made to veterans and military members from the definition of a member business loan.

TALKING POINTS
Military veterans are struggling more than non-veterans to receive business funding from financial institutions.

- Veteran business owners applied for more funding, submitted more loan applications per business, and yet were denied loans at a much higher rate than non-veteran business owners.

- Veterans and current military members are looking for “micro business loans” (under $100,000). Banks cannot underwrite these smaller loans in a cost-effective way. Defense Credit Unions are a natural alternative.

- Underwriting business loans for veterans, active-duty, guard and reserve members is complicated due to insufficient credit histories, multiple assignments to different locations, and little collateral. Defense Credit Unions understand the military lifestyle and struggles better than others.

30 SECOND PITCH
“Defense Credit Union Council will continue to support Congressional efforts to exempt business loans made to military entrepreneurs from arbitrary and unnecessary limitations.”