



THE AMERICAN LEGION
Veterans Strengthening America



January 21, 2026

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Senate Minority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable John Thune
Senate Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Hakeem Jeffries
House Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Subject: Support for H.R. 507/S. 110 – *Veterans Member Business Loan Act*

Dear Speaker Johnson, Minority Leader Jeffries, Majority Leader Thune, and Minority Leader Schumer:

We write to you as the President/CEO of the Defense Credit Union Council (DCUC) and the National Commander of The American Legion, **together on behalf of the credit unions serving our military communities and the millions of veterans across America**, to urgently **urge swift, bipartisan passage of H.R. 507 and S. 110, the Veterans Member Business Loan Act**. This important legislation will empower our nation's veterans to access the capital they need to start and grow small businesses in their civilian lives, by removing outdated barriers that currently prevent credit unions from fully serving those who have served us all. In short, this bill is a common-sense, zero-cost reform that will help fulfill the promise of opportunity our veterans have earned through their service. We respectfully request your leadership in advancing H.R. 507 and S. 110 through Congress without delay.

After putting their lives on the line for our country, many veterans return home eager to launch small businesses, yet too often these aspiring veteran entrepreneurs face an uphill battle in accessing capital. They bring home the same dedication, discipline, and technical skills that served our nation so well, only to find the financing system isn't working for them. We hear the stories of decorated veterans with solid business plans being turned away by traditional lenders or offered loans on terms that would cripple their new ventures. **America's 1.76 million veteran-owned businesses already employ about 5.3 million Americans and generate nearly \$963 billion in annual revenue** – a testament to what our veteran-entrepreneurs can accomplish

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with the right support. Yet, heartbreakingly, the share of U.S. businesses owned by veterans **fell from 11% in 2014 to just 8.1% by 2020**. This decline signals that thousands of capable veterans who could be creating jobs and strengthening our communities have instead been left on the sidelines. We must not allow those who protected our freedoms to now be denied the opportunity to pursue their own American Dream.

The statistics confirm what veterans tell us anecdotally: **veteran entrepreneurs are consistently underserved by traditional financing**. Studies show that veterans seek business loans at rates similar to or higher than non-veteran entrepreneurs, **yet their approval rates are roughly 10% lower than those of non-veterans**. They also often receive smaller loans than requested – a financing shortfall experienced by 60% of veteran business applicants (versus 52% for others). As a result, **fully 72% of veteran business owners end up using personal or family savings as their primary source of startup capital (compared to 62% of non-veterans)**. It's no surprise that **75% of veterans report that accessing capital is a top challenge** when starting or growing a business. This capital gap is not due to any lack of effort or skill on the part of veterans. In fact, **according to the U.S. Small Business Administration, veteran business owners are more likely to be denied loans or given smaller loan amounts than their non-veteran counterparts even when they have strong business plans and credit histories**. Simply put, traditional lenders are not fully meeting the needs of those who have worn this nation's uniform. The result is a loss of potential: fewer veteran-owned startups, fewer local jobs created by veterans, and a dimming of the economic contribution of a generation that has so much to offer. We find this unacceptable.

Credit unions stand ready to be part of the solution. If banks aren't meeting veterans' financing needs, then **America's credit unions – particularly defense credit unions dedicated to military communities – are eager to fill this gap**. These member-owned, not-for-profit institutions often have branches right on bases or in the towns where service members settle after duty. They understand the unique circumstances of military life and are mission-driven to serve those who have served our nation. Credit unions have a strong track record of reaching underserved borrowers and offering the kind of patient, personalized small business lending that veteran entrepreneurs need. As DCUC has testified, "**Credit unions are uniquely positioned to serve veterans as they work to start small businesses as they transition to the private sector.**" **Removing barriers to credit union lending "would provide additional economic**

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stimulus without costing taxpayer dollars” In other words, credit unions are ready and willing to deploy more capital to veteran-owned businesses **safely and soundly, without costing the government a dime**. However, there is one major barrier that only Congress can lift – and that is why we are writing today.

Under current law, **an arbitrary federal cap on member business lending is blocking credit unions from fully helping veteran-owned businesses**. Since 1998, federal law has limited most credit unions to lending no more than **12.25% of their total assets** to businesses – an outdated cap enacted in a very different era. This decades-old restriction has now become a hindrance: it **forces credit unions to turn away deserving veteran borrowers once the cap is reached, even if the credit union is financially strong and eager to do more**. These aptly called these lending limits “arbitrary,” noting that they prevent credit unions from fully supporting veterans in their business ventures. In practice, **a credit union might have to say “no more business loans this year” just when a veteran walks in the door with a solid business plan – a missed opportunity we simply cannot afford**. This structural barrier is choking off much-needed credit on Main Street for veteran entrepreneurs at the very moment we need all engines firing to boost our economy.

It’s important to note that the law already provides sensible exceptions to this member business lending cap for certain types of loans. For example, **loans for one-to-four family residential rentals and certain agricultural loans are excluded from the cap**. Yet, inexplicably, **loans to veteran-owned small businesses have no exemption, effectively disadvantaging those who wore the uniform**. If we can make exceptions to support farmers and housing, we can certainly do the same for our nation’s heroes in the business arena. This is fundamentally a matter of fairness and gratitude. Veterans should not have to hear “we can’t help you because of an old quota” when they seek to build a business after serving our country. The current cap, in its blanket application, is an outdated policy that unintentionally sidelines the very men and women whose leadership and sense of responsibility were proven in uniform. Congress has the power to fix this – and that fix is precisely what the Veterans Member Business Loan Act would deliver.

The Veterans Member Business Loan Act (H.R. 507/S. 110) is the common-sense, bipartisan solution to remove this unnecessary barrier. This legislation amends the Federal Credit Union Act to exclude loans made to veteran-owned businesses from the definition of a “member business loan,” thereby exempting such loans from the 12.25% lending cap. In practical terms, if this bill becomes law, **any business loan a credit union makes to a veteran entrepreneur would no longer count against the cap**. Credit unions would finally be free to

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lend to veteran-owned businesses up to the full extent that safety, soundness, and prudent underwriting allow – just as they already can for home mortgages and farm loans. This is a prudent change that maintains all regulatory oversight and safety requirements on credit unions, **while simply lifting a rigid ceiling that now prevents veterans from getting fair access to capital.** By unlocking credit unions' capacity to serve veteran entrepreneurs, we can unleash a new wave of veteran-led small business growth across the country.

Crucially, **this reform carries zero cost for American taxpayers.** The Veterans Member Business Loan Act doesn't ask for any new federal program or spending; it simply removes a regulatory hurdle and lets credit unions use their own capital to do more of what they already do best: make safe, responsible loans in their communities. It is a rare opportunity to enact a policy change that is straightforward, bipartisan, and profoundly impactful without burdening the federal budget. **Bipartisan support for this bill is strong.** In the Senate, S. 110 is championed by Senator Mazie Hirono (D-HI) and Senator Dan Sullivan (R-AK). In the House, H.R. 507 is led by Representative Vicente Gonzalez (D-TX) and Representative Brian Fitzpatrick (R-PA). They are joined by dozens of co-sponsors from both sides of the aisle. Lawmakers from Hawai'i to Pennsylvania recognize that **empowering veteran entrepreneurs is not a partisan issue – it's a patriotic one.** This bipartisan effort honors that truth. In an era of sharp divisions, this is a cause that unites Republicans and Democrats in shared support of those who wore our nation's uniform. It is good economics, good policy, and the right thing to do. As one advocate aptly noted, empowering veterans to build businesses **“honors their service by giving them the tools to succeed after they hang up the uniform”.**

To illustrate what is at stake, consider a typical scenario playing out in communities across the country. A Marine Corps veteran in Virginia recently sought a modest loan (under \$100,000) to open an auto repair shop and hire a few of his fellow veterans – a doable plan, and exactly the kind of Main Street business that strengthens a community. Unfortunately, a large bank deemed his requested loan too small to be worth their time. Determined to succeed, he turned to a local credit union that understood his military-earned work ethic and saw the promise in his business plan. That credit union genuinely wanted to help him. **Tragically, because of the federal cap, the credit union was nearing its lending limit and had to tell this veteran that they could not extend the loan.** This is not a unique tale; it is one we hear again and again. How many veteran-owned start-ups have been stymied not by lack of ability or vision, but by an artificial lending quota? Each **“sorry, we've hit our limit”** is a lost opportunity for a veteran to create

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jobs and serve their community. We cannot in good conscience allow these stories to continue. The Veterans Member Business Loan Act will ensure that **no veteran entrepreneur with a sound business idea is turned away just because of an arbitrary cap set a generation ago.**

In closing, we offer **our united and respectful call to action. Our nation's veterans answered the call of duty without hesitation; now Congress must answer the call to have their backs on the homefront.** We urge you to quickly bring H.R. 507 and S. 110 to the floor and work together to send the Veterans Member Business Loan Act to the President's desk as soon as possible. Every day of delay means more veteran entrepreneurs trapped in financial limbo, and more missed opportunities for economic growth driven by veterans' talent and devotion. This is a chance to honor their service in a profoundly meaningful way – by removing barriers to their success in civilian life. **Passing this bill would empower those who defended our freedoms to become job-creators and community leaders here at home, all at no cost to taxpayers.** This is not about expanding government or partisan politics; it is about keeping our promise to those who kept us safe and unleashing their potential to build better communities and a stronger economy for all.

On behalf of the Defense Credit Union Council's member credit unions and the millions of U.S. military veterans of The American Legion and beyond, we thank you for your consideration and your continued commitment to our nation's veterans. We stand ready to support you in achieving the swift passage of this urgently needed legislation.

For God & Country,



Dan K. Wiley
National Commander
The American Legion



Anthony R. Hernandez
President/CEO
Defense Credit Union Council