

Credit Union National Association

cuna.org

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The Honorable Spencer Bachus Chairman Committee on Financial Services United States House of Representatives Washington, DC 20515 The Honorable Barney Frank Ranking Member Committee on Financial Services United States House of Representatives Washington, DC 20515

Dear Chairman Bachus and Ranking Member Frank:

On behalf of the Credit Union National Association (CUNA), I am writing regarding today's hearing entitled, "Promoting Economic Recovery and Job Creation: The Road Forward." CUNA is the largest credit union advocacy organization in the United States, representing nearly 90% of America's 7,700 state and federally chartered credit unions and their 93 million members.

Since their founding in the United States over 100 years ago, credit unions have been serving the credit needs of their small business-owning members. While small business lending does not make up the largest portion of credit union lending, it is the fastest growing segment by a significant margin. In fact, as banks have reduced credit availability to small businesses over the last several years, credit union business lending has expanded. And, credit unions have proven the ability to do small business lending safely and soundly, demonstrating remarkably lower charge-off and delinquency rates than banks making business loans.

Unfortunately, since 1998, credit unions have been subject to a statutory cap on business lending of 12.25% of a credit union's total assets; as a result, today, many credit unions are rapidly approaching the cap while others choose not to engage in business lending because of the cap. In an effort to promote economic recovery and job creation, we strongly urge Congress to increase the credit union member business lending cap.

Last year, the administration gave its strong support to legislation to increase the credit union business lending cap to 27.5% of total assets, and worked with the National Credit Union Administration to shape this legislation. We estimate that if this bill became law, credit unions could lend an additional \$10 billion to small businesses in the first year after implementation, helping them to create over 100,000 new jobs. Unlike the recently enacted Small Business Lending Fund Act, which gave community banks \$30 billion of taxpayer money as an incentive to lend to small businesses, increasing the credit union business lending cap could be done without spending a dime of taxpayer money and without increasing the size of government. Credit unions do not need taxpayer money to lend to small businesses: they need the authority from Congress to do so.

America's credit unions and their 93 million members stand ready to be part of the solution to the economic problems our nation faces. To that end, we encourage you to make increasing the credit union member business lending cap a key part of the Committee's plan to promote economic recovery and job creation.

Best Regards,

Bill Cheney
President & CEO



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