

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | PHONE: 202-508-6745 | Fax: 202-638-3389

cuna.org BILL CHENEY President & CEO

April 18, 2013

The Honorable Carolyn Maloney Member of Congress Washington, DC 20515

Dear Representative Maloney,

On behalf of the Credit Union National Association (CUNA), I am writing in support of your legislation to provide an exception from the definition of member business loan when a loan is made to aid in recovery from a disaster. CUNA is the largest credit union trade association in the United States, representing more than 90% of America's 7,000 state and federally chartered credit unions and their 96 million members. CUNA strongly supports your legislation.

Credit unions were established over 100 years ago to promote thrift and provide access to credit for provident purposes. Since then, credit unions have been there for their members in good times and in difficult times; and from day one, credit unions have been lending to their members for business purposes. Because they are not-for-profit cooperatives, credit unions operate with a different incentive structure than banks; they tend to be more riskaverse. This does not translate into reduced credit availability in times of crisis; rather, it results in a counter-cyclical lending phenomenon that keeps credit unions in the market when other lenders pull back. Because of this, during the recent financial crisis, credit unions expanded their business loans outstanding by more than 45% while community banks reduced their offerings 15%. Simply put, as we saw following the Great Depression and the Great Recession, credit unions are there when their members are in crisis and others have abandoned the market.

Your legislation would make it easier for business lending credit unions to be there for their members following federally declared disasters by providing an exception from the member business lending cap for loans made to small businesses in disaster areas. We support this legislation because we believe it will enable credit unions to fulfill their mission to their members in times of greatest need. Nevertheless, we are mindful that your legislation is made necessary not because credit unions need encouragement to respond to their members affected by disasters, but because Congress imposed a statutory cap on credit union business lending in 1998, at the behest of the banking industry.



The Honorable Carolyn Maloney April 18, 2013 Page Two

A more complete way to enable credit unions to serve fully their small business members would be to eliminate the member business lending cap entirely, or as an alternative, permit well-capitalized credit unions with significant business lending experience operating near the member business lending cap the opportunity to apply to NCUA for permission to expand business lending up to 27.5% of their total assets, as has been proposed by Representatives Ed Royce and Carolyn McCarthy in H.R. 688. Together these bills encourage and enable credit unions to be there for their small business members in good times and bad. We encourage Members of the House of Representative to support both bills.

On behalf of America's credit unions, we appreciate your leadership on this issue, support your legislation and look forward to working with you on this matter.

Best regards,

Bill Cheney

President & CEO