



Credit Union National Association

cuna.org

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January 2, 2009

The Honorable George Miller
Co-Chair
Democratic Steering and Policy
Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Rosa DeLauro
Co-Chair
Democratic Steering and Policy
Committee
U.S. House of Representatives
Washington, DC 20515

Dear Representatives Miller and DeLauro,

On behalf of the Credit Union National Association (CUNA), I am writing to encourage you to include language eliminating the statutory cap on credit union member business lending in the upcoming economic stimulus legislation. CUNA represents 90% of America's 8,200 state and federally chartered credit unions and their 90 million members.

The engine of our economy is the American small business owner. Sadly, we see a troubling trend with respect to the availability of commercial credit at banks. In the most recent Federal Reserve Survey, 75% of senior loan officers at America's banks indicated that their institution was making business credit less available. Banks are pulling back at a time when the small business owner needs them the most.

Despite the credit crunch in the business lending sector, America's credit unions continue to lend to their business-owning members, even in these difficult times. Total lending by credit unions continued to rise through October, the latest date on which we have available data. Credit union loans outstanding increased 0.5% from September 2008 to October 2008, and 6.6% over the first 10 months of 2008, compared to increases of 0.7% and 5.6% during the same periods last year. Moreover, through September, the fastest growing type of credit union lending was business lending.

The credit union system remains generally healthy and credit unions are not only willing, but able, to continue lending to their members safely and soundly. However, credit unions have a statutory limit on the amount of business lending. This statutory limit, which is essentially 12.25% of total assets, is far beneath the level of business lending that a healthy credit union could extend in a safe and sound manner.

Removing the credit union business lending cap will create a mechanism to ensure that credit union members who own small businesses can access the credit that they need to operate their businesses. We estimate that in an environment in which there was no statutory limit on credit union business lending and in which credit unions were encouraged by their regulator to make these loans, credit unions could lend up to an additional \$10 billion in the first twelve months. **This is an economic stimulus measure that does not cost the taxpayers a dime, and does not increase the size of government.**



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Credit unions were established in the aftermath of the Great Depression to stabilize the credit system; the need for stabilization is similar today, and credit unions can do more if Congress permits them to do so. We hope Congress will include language eliminating the statutory cap on credit union member business lending in the upcoming economic stimulus bill. We look forward to working with you to ensure that American consumers, including small business owners, are able to secure credit.

Sincerely,

A handwritten signature in cursive script that reads "Daniel A. Mica". The signature is written in black ink and is positioned above the typed name and title.

Daniel A. Mica
President & CEO