



Credit Union National Association

cuna.org

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January 12, 2010

The Honorable Herb Kohl
United States Senate
330 Hart Senate Office Building
Washington, DC 20510

Dear Senator Kohl:

On behalf of the Credit Union National Association (CUNA), I am writing with regard to S. 2824, the "Safe Affordable Loan Act". CUNA is the largest credit union advocacy organization, representing nearly ninety percent of America's 8,000 state and federally chartered credit unions and their 92 million members.

CUNA applauds your efforts to help increase low and moderate income Americans access to mainstream financial institutions as an alternative to payday lenders. Promoting thrift is one of the core missions of credit unions. Credit unions throughout the nation are dedicated to developing and offering products that provide consumers affordable payday lending alternatives.

S. 2824 would establish a small-dollar loan guarantee fund that would serve as a loss reserve fund for qualifying loans to consumers offered by eligible financial institutions. The program created by this legislation appears very similar to programs that credit unions in Ohio and Pennsylvania are using. If this legislation is enacted, we believe that it could increase the number of small-dollar loans made by qualifying credit unions and decrease consumer dependence on less scrupulous providers of short-term, small-dollar loans, while at the same time having the added benefit of increasing consumer access to mainstream financial services providers.

While we have several technical concerns regarding this legislation, we believe that it represents a strong step in the right direction toward eliminating predatory payday lending. We pledge to work with you and your staff to address our outstanding concerns, which include access to the program for all credit unions, and ensuring that the fee structure and administration of the program both encourages financial institution participation as well as decreases long-term dependence on federal appropriations.

On behalf of America's credit unions, thank you very much for introducing S. 2824. We look forward to continuing to work with you on these and other issues important to consumers.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Mica".

Daniel A. Mica
President & CEO



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