February 12, 2008

The Honorable Christopher Dodd
Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Dodd,

The Credit Union National Association (CUNA) and the National Association of Federal Credit Unions (NAFCU) are writing to you on behalf of America's 8,400 credit unions and 90 million credit union members regarding the Crapo Amendment (#4) to the Industrial Bank Holding Company Act of 2008. We urge you to make regulatory relief for all financial institutions a top priority for the Senate Committee on Banking, Housing and Urban Affairs.

Credit unions applaud Senators Crapo, Hagel, Johnson and Tester for their leadership on this issue. We believe that it is imperative that any regulatory relief measure provide meaningful and balanced relief to all financial institutions. While we recognize the intent of Crapo amendment #4 to the ILC bill, we do not support it as submitted because we believe it is unbalanced by including provisions which would increase the business lending limits and auto lending investment limits for thrift institutions while providing no parallel increase in credit union business lending caps or modification of the credit union prompt corrective action (PCA) system to a risk-based approach. We continue to view it as inappropriate for Congress to consider a substantial expansion in thrift business lending, and a significant enhancement of the thrift charter, in the absence of similar substantial relief for America's credit unions.

Providing a modest increase in the credit union member business lending limit is good public policy. Credit union member business lending is safe and targeted to small businesses. The average credit union member business loan is less than $192,000. And, the most recent 12-month member business loan charge off (September 2006-2007) rate is 0.08%. Furthermore, a 2001 Department of Treasury study entitled "Credit Union Member Business Lending" found that credit union member business lending "has no effect on the viability and profitability of other insured institutions."

Credit unions are well suited to help during these difficult economic times when credit is becoming scarce. We believe that providing balanced and meaningful even-handed regulatory relief to all financial institutions would provide significant economic stimulus at no cost to taxpayers. We urge you to support such efforts. We would welcome the opportunity to work with the Banking Committee to provide such regulatory relief to all financial institutions.

Sincerely,

Credit Union National Association National Association of Federal Credit Unions

cc: Members of Senate Banking Committee