



Credit Union National Association

cuna.org

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December 1, 2011

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

The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing and
Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Johnson and Ranking Member Shelby,

On behalf of the Credit Union National Association (CUNA), I am writing regarding today’s hearing on “Spurring Job Growth through Capital Formation.” CUNA is the largest credit union advocacy organization in the United States, representing nearly 90 percent of America’s 7,400 state and federally chartered credit unions and their 94 million members.

We commend the attention that the Committee has given to job creation during these difficult economic times, including the June 16 hearing on credit union member business lending. We continue to encourage Congress to enact S. 509, the Small Business Lending Enhancement Act, which has been introduced by Senators Mark Udall, Olympia Snowe and Charles Schumer, and cosponsored by 18 other Senators. This legislation would permit well-capitalized credit unions, with business lending experience, that are operating near the statutory cap on credit union business lending to perform additional business lending. We estimate that credit unions could lend an additional \$13 billion to small businesses in the first year after enactment of this legislation, helping to create over 140,000 new jobs, at no cost to taxpayers.

Two of the bills that we expect to receive consideration at today’s hearing would provide exemptions from certain Securities and Exchange Commission regulation. One bill (S. 556) would increase the shareholder threshold for registration with the Commission from 500 shareholders to 2,000 shareholders. Another bill (S. 1791) would provide registration exemptions for certain crowdfunded securities. In contrast to Senator Udall’s bill which provides a means for qualified, well-managed and effectively regulated credit unions to extend additional business credit as a means to help create jobs, these bills would appear to reduce regulatory scrutiny and investor protections to achieve the same end. We encourage the Committee to thoroughly consider whether this is in the best interest of public policy.

Congress ought to be doing everything it can to promote, encourage and facilitate job creation. The bills under consideration today may be part of the solution; however, credit unions should be encouraged and permitted to help as well. After all, credit unions have demonstrated a long history of safe and sound business lending. During the economic crisis, credit unions continued to lend when the banks pulled back lines of credit. And, despite the difficulties of the last few years, credit union charge-off and delinquency rates on business loans have been lower than similar rates by banks. Credit unions can and should be part of the solution; therefore, we would be very concerned if these bills moved forward in the absence of similar action on Senator Udall’s bill.



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On behalf of America's credit unions and their 94 million members, thank you very much for your consideration of our views.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping tail extending to the right.

Bill Cheney
President & CEO