



Credit Union National Association

[cuna.org](http://cuna.org)

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PRESIDENT & CEO

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December 18, 2008

The Honorable Barack Obama  
President-Elect  
451 6<sup>th</sup> Street, NW  
Washington, DC 20004

Dear Mr. President-Elect,

On behalf of the Credit Union National Association (CUNA), I am writing to encourage you to ask Congress to pass legislation which would eliminate the statutory cap on credit union member business lending. CUNA represents 90% of America's 8,200 state and federally chartered credit unions and their 90 million members.

During your press conference this morning, you observed that if small and large businesses cannot get access to enough credit, we are going to have problems. We agree, and 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.

By contrast, 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, the engine of our economy is the American small business owner; and 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.

We have encouraged Congress to remove the statutory cap on credit union business lending in the upcoming economic stimulus bill. Removing the cap will create a mechanism to ensure that credit union members who own small businesses can continue to 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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The Honorable Barack Obama  
December 18, 2008  
Page Two

We hope you will join us in asking Congress to pass legislation to eliminate the statutory cap on credit union member business lending. We look forward to working with you to ensure that American consumers, including small business owners, are able to secure credit. 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.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Mica". The signature is written in a cursive style with a large, prominent initial "D".

Daniel A. Mica  
President & CEO