



Credit Union National Association

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February 1, 2012

The Honorable Sam Graves
Chairman
Committee on Small Business
United States House of Representatives
Washington, DC 20515

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Chairman Graves and Ranking Member Velazquez:

On behalf of the Credit Union National Association (CUNA), I am writing regarding today’s hearing entitled, “The Path to Job Creation: The State of American Small Businesses.” CUNA is the largest credit union advocacy organization in the United States, representing nearly 90% of America’s 7,300 state and federally chartered credit unions and their 93 million members. We appreciate the opportunity to submit this letter for the record of the hearing.

Since their inception in the United States over 100 years ago, credit unions have been lending to their small business-owning members. Meeting the credit needs of entrepreneurial members is part of credit unions’ DNA.

During the recent financial crisis, credit unions stood with their small business owning members, continuing to lend when others have pulled back access to credit. In fact, the difference in behavior between credit unions and banks with respect to small businesses over the last several years is quite remarkable. From December 2007 until September 2011, credit union business loan portfolios increased over 42% while bank small business loans decreased by over 14%.¹

Credit unions would like to stay in the game and continue to help their members, but the credit unions which have contributed much of the growth over the last several years are finding themselves increasingly affected by the statutory cap on credit union member business lending.² Approximately 525 credit unions are either approaching or very close to the business lending cap. These credit unions have been the major contributors to credit union business lending growth over the past few years – accounting for 83% of the total loan growth in credit unions subject to the cap.

¹ FDIC and NCUA Call Report data, and CUNA analysis.

² Most credit unions are currently under a business lending cap of 12.25% of total assets, expressed as 1.75 times net worth required to be well-capitalized (7%), established by law in 1998. Prior to that date, there was no statutory business lending cap for credit unions.



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We continue to urge Congress to enact H.R. 1418, the Small Business Lending Enhancement Act, which would raise the credit union business lending cap from 12.25% of total assets to 27.5% of total assets. This legislation would permit credit unions to lend an additional \$13 billion to small businesses in the first year after enactment, helping them to create 140,000 new jobs at no cost to taxpayers.³

The need for Congress to enact this legislation is clear. According to a recent survey by the Small Business Majority, Main Street Alliance and the American Sustainable Business Council, 64% of small business owners say that the availability of credit is a serious or fairly serious problem. Sixty-one percent say that it is harder today to get a small business loan than it was four years ago. Ninety percent support making it easier for community banks and credit unions to lend to small businesses.⁴ We agree: more needs to be done to help small businesses and the economy recover, and credit unions are in a position to help, if Congress acts.

The only groups that oppose credit unions business lending represent the banks that have pulled back access to credit when small businesses needed it the most, and have taken taxpayer money intended for small business lending and repaid their TARP obligations. These banks have done enough to prevent small businesses from accessing the capital they have needed over the last several years. Congress should not let them prevent willing and able lenders from helping small businesses recover from the economic crisis, by opposing this legislation.

On behalf of America's credit unions and their 93 million members, we encourage you to cosponsor H.R. 1418, the Small Business Lending Enhancement Act.

Best regards,



Bill Cheney
President & CEO

³ For a detailed description of the methodology used to develop the lending and job creation estimates, please see page 12-13 of CUNA's testimony before the House Financial Services Committee of May 18, 2010. http://www.cuna.org/download/congress_testimony_051810.pdf

⁴ Small Business Majority, Main Street Alliance and the American Sustainable Business Council conducted a survey of 500 small business owners with 1 to 99 employees between December 8, 2011, and January 4, 2012. The results were published in a report, "Opinion Survey: Small Business Owner Opinions on Access to Credit and Proposals to Boost the Economy," on January 26, 2011, which can be found: http://www.smallbusinessmajority.org/small-business-research/access-to-credit/access-to-credit_opinion-poll.php