March 14, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Reid and Republican Leader McConnell,

As organizations interested in sound public policy that encourages lending to small businesses, we are writing to encourage you to include the Udall-Snowe-Schumer Small Business Lending Enhancement Act (S. 509) as part of the jobs legislation the Senate will consider soon.

As the economy emerges from crisis, it is critically important that small businesses have the access to credit necessary to participate in the recovery. S. 509 will allow credit unions to provide more lending to small businesses, by increasing the statutory cap on credit union business lending. If this legislation were law, it has been estimated that credit unions could lend an additional $13 billion to small businesses, helping them to create over 140,000 new jobs.

Credit unions have been successfully lending to small business for over 100 years and continued uninterrupted small businesses lending during the financial crisis. Since the statutory cap was established in 1998, approximately 500 credit unions are currently being forced to reduce much needed lending to small businesses. During these tough economic times, businesses of all sizes are starved for capital, credit unions are ready to extend the needed helping hand, but those hands remained tied due to the stifling effect of the low cap.

Senators Udall, Snowe and Schumer have proposed commonsense legislation that provides for a increase in the statutory cap (from 12.25% of total assets to 27.5%) while providing significant safeguards which will ensure that all credit union loans will be made in a safe and sound manner. The bipartisan legislation will only affect those credit unions which are well capitalized, have a history of business lending and have been at 80% of their cap for the last year. Even then, the legislation imposes portfolio cap limits on these credit unions business lending of 30% per year.

The Small Business Lending Enhancement Act enjoys bipartisan support in both the House and the Senate and it is precisely the type of legislation that Congress should enact to encourage greater business lending in communities across the country. We strongly encourage you to include this legislation in the Senate jobs bill.

Sincerely,

Credit Union National Association
American Small Business Chamber of Commerce
National Association of Realtors
Small Business Majority
CCIM Institute
American Consumer Institute
Institute of Real Estate Management
MultiFunding
National Association of Professional Insurance Agents
AMT - The Association for Manufacturing Technology
National Council of Textile Organizations
National Farmers Union
Realtors Land Institute
Society of Industrial and Office Realtors
Americans for Tax Reform
National Association of Home Builders
NCB Capital Impact
U.S. Women's Chamber of Commerce
Hardwood Federation