



Credit Union National Association

cuna.org

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June 5, 2013

The Honorable David Schweikert
Member of Congress
United States House of Representatives
Washington, DC 20515

The Honorable Yvette Clarke
Member of Congress
United States House of Representatives
Washington, DC 20515

Dear Chairman Schweikert and Ranking Member Clarke:

On behalf of the Credit Union National Association (CUNA), I am writing to thank you for holding your hearing titled *Financing America's Small Businesses: Innovative Ideas for Raising Capital*. America's credit unions continue to play a vital role in providing capital to small businesses and stand ready and willing to increase their lending. CUNA represents nearly 90% of America's 7,000 state and federally chartered credit unions and their 96 million members.

One very simple solution to assist small businesses in raising capital would be to increase the statutory credit union member business lending cap. Representatives Ed Royce and Carolyn McCarthy recently introduced H.R. 688, the *Credit Union Small Business Job Creation Act*. This legislation is a commonsense job creation measure that would permit credit unions with experience in business lending to lend more capital to their small business members, without increasing the size of government. If enacted, we estimate that credit unions could lend an additional \$13 billion to small businesses in the first year, helping them to create more than 140,000 new jobs.

The Credit Union Small Business Job Creation Act is fully consistent with both the history and mission of credit unions. Credit unions exist to promote thrift and provide access to credit to their members. Since their founding in the United States more than 100 years ago, credit unions have been serving the credit needs of their small business-owning members. While not the largest portion of credit union lending, small business lending is the fastest growing segment of credit union lending by a significant margin.

In 1998, credit union business lending was severely restricted by an arbitrary statutory cap placed on our industry without consent. The cap reduced our lending ability to only 12.25% of a credit union's total assets; as a result, many credit unions are rapidly approaching the cap while others choose not to engage in business lending because of the low cap. This legislation allows credit unions approaching the cap to apply to the National Credit Union Administration (NCUA) for authority to lend beyond the cap – up to 27.5% of total assets.



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More than 500 credit unions are at or quickly approaching the cap, accounting for approximately 60% of credit union business lending. These credit unions are generally considered mid-sized and small credit unions, which makes sense since the cap is a percentage of total assets, so a smaller credit union is more likely to reach the cap faster than a larger credit union. If the cap is not increased, the ability of these credit unions to continue to be there for their small business-owning members will be jeopardized. This legislation is targeted toward those credit unions with business lending experience, and only permits credit unions which are well capitalized, close to the current cap and with a history of safe and sound business lending to apply for authorization to lend above the current cap level.

Credit unions understand that in order for the economy to fully recover, small businesses need access to credit, which will help their businesses grow. Credit unions have capital to lend, a history of prudent and safe small business lending, and a mission to help provide access to credit to their members—including their small business-owning members.

America's credit unions and their 96 million members stand ready to continue to be part of the solution to the economic problems our nation faces. To that end, we are encouraged by and appreciate your consideration for increasing the credit union member business lending cap. We encourage this provision to be included in any future discussions on increasing the availability of credit and capital to America's small businesses.

Best regards,

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

Bill Cheney
President & CEO