



Credit Union National Association

cuna.org

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July 27, 2010

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

Dear Majority Leader Reid:

On behalf of the Credit Union National Association, I am writing regarding the Udall Amendment (#4443) to H.R. 5297, the Small Business Job and Credit Act of 2010. CUNA is the largest credit union advocacy organization in the United States, representing nearly 90 percent of America's 7,700 state and federally chartered credit unions and their 93 million members.

Senator Mark Udall and a bi-partisan group of nine Senators have proposed increasing the credit union member business lending cap from its current level of 12.25% to 27.5%, while at the same time enacting important safeguards to ensure this lending continues to be done in a safe and sound manner. We estimate that if the Udall amendment were law, credit unions could lend an additional \$10 billion, helping small businesses create 100,000 in the first year after enactment, at **no cost to taxpayers**. The administration supports the Udall amendment. We strongly urge you to include the Udall amendment in the new substitute amendment you intend to introduce to H.R. 5297.

Credit unions have proven for years that they are capable of doing this type of lending safely and soundly. During this most recent finance crisis, while bank business lending has contracted, credit union business lending has expanded. However, without an increase in the credit union business lending cap, as proposed in the Udall amendment, this credit union lending will have to slow. While bank business loan charge-off rates have increased at a disturbing rate, credit union business loan charge-off rates remain lower. From a public policy perspective, there is no reason not to permit credit unions to do more lending to their small business-owning members.



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If the Udall amendment is not incorporated into H.R. 5297, Congress will have left unused critical resources that credit unions could provide small businesses at no cost to the taxpayers. Failure to include the Udall amendment in the new substitute would leave \$10 billion in new small business lending on the table and 100,000 new jobs uncreated. Accordingly, while we strongly support efforts to increase credit availability to small businesses, we would be compelled to oppose the legislation without the Udall language.

Credit unions were created to be part of the solution during the Great Depression. Today, credit unions should be a part of the solution to the small business credit crisis. There is simply no public policy reason not to approve the Udall amendment, only banker opposition. Banks have done enough to hurt small businesses over the last two years: now is not the time to let them stand in the way of additional small business credit availability.

On behalf of America's credit unions and their 93 million members, thank you very much for your consideration.

Sincerely,

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