

Congress of the United States

Washington, DC 20515

March 1, 2010

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 U.S. Capitol
Washington, DC 20515

The Honorable John A. Boehner
Republican Leader
U.S. House of Representatives
H-204 U.S. Capitol
Washington, DC 20515

Dear Speaker Pelosi and Republican Leader Boehner:

We are writing to urge you to do more to help America's small businesses to grow by modifying the statutory limitations that have currently prevented many credit unions from doing more to advance an economic recovery. We further believe that we should include such reforms in any future jobs-creation legislation that the House considers.

The effort to adjust credit union member business lending restrictions enjoys bipartisan support in Congress. In the House, H.R. 3380, the Promoting Lending to America's Small Businesses Act, would among other things increase the credit union member business lending cap from 12.25 percent of a credit union's total assets to 25 percent. In the Senate, S. 2919, the Small Business Lending Enhancement Act, would do the same. Both bills would also allow for the exemption of member business loans of less than \$250,000 from the statutory cap.

Many financial institutions have pulled back on making small business loans as a result of the financial crisis. An increasing number of small business owners in our districts have also told us that they have had great difficulty in accessing credit to hire new workers, expand operations, purchase equipment, and preserve jobs. Moreover, recent reports by regulators provide evidence that banks – both large and small – have shrunk their business loan portfolios.

Credit unions remain willing to lend to their small business-owning members. Unlike other financial providers, credit union business lending grew by more than 11 percent in 2009. Credit unions, which are generally well capitalized, are in a position to do even more and want to do more. Statutory restrictions on member business lending, however, have limited their ability to do so. By enhancing credit unions' ability to extend loans to America's small businesses, we can quickly help to advance much-needed economic growth. Increasing competition in the small business loan marketplace will also increase the efficiency of capital allocation.

Significantly, these legislative proposals could result in credit unions lending up to \$10 billion more in new capital to small businesses in the first year after enactment, helping them to create more than 100,000 new jobs. Moreover, this jobs-creation initiative would cost taxpayers virtually nothing. In short, it makes sense to adopt these reforms.

In closing, we urge you to allow credit unions to help America's small business owners by including provisions to alter statutory lending restrictions in any future job-creation legislation that the House considers. These reforms are a common-sense response to the economic crisis.

Sincerely,

Paul E. Kanjorski

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Page 2

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Page 3

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Page 4

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