

Opinion

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How to boost small business lending

San Francisco Business Times - by [Bill Cheney](#)

Here's a typical problem: A current or would-be small business owner walks into a bank with a great idea or an expansion plan and is told, "Sorry, you're too small" or "Use a personal line of credit."

Fortunately, credit unions have stepped up to the plate and granted small business loans on reasonable terms to enterprising individuals.

Unfortunately, credit unions are legally capped at lending only 12.5 percent of their assets for member business loans (MBLs), and far too many credit unions have reached that cap. The federal law that imposed the cap many years ago is unnecessary. Credit unions have always been careful lenders.

Today the MBL cap is working against our ability to help solve the exact problem President Obama and Congress are grappling with — providing credit to small businesses, the engine of our economy.

Raising the MBL cap to 25 percent of assets would infuse up to \$10 billion of credit union capital into the national economy in just the first year. In California, it would let loose about \$2.2 billion in available credit and generate about 24,300 jobs.

So why hasn't the MBL cap been increased? It's simple: opposition from big banks — the same ones who won't lend to small businesses.

Bill Cheney is CEO of the California/Nevada Credit Union Leagues.