



Credit Union National Association

cuna.org

**DANIEL A. MICA**  
PRESIDENT & CEO

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | **PHONE:** 202-638-5777 | **FAX:** 202-638-7734

February 3, 2010

Members of the U.S. House of Representatives  
Washington, DC 20515

Dear Representatives:

On behalf of the Credit Union National Association (CUNA), I am writing to express concern with the Administration's proposal to give community banks \$30 billion of taxpayer money in an attempt to spur lending to small businesses. CUNA represents nearly 90 percent of America's 7,800 credit unions and their 93 million members.

I want to be very clear that CUNA does not want to oppose this subsidy for the community banks out of hand; however, there is no good public policy reason why the Administration should choose to target banks for such favorable treatment, and not also increase the statutory cap on credit union business lending.

Most credit unions would not be eligible for the capital infusions that the administration has proposed giving to the community banks because the Federal Credit Union Act defines capital as only the retained earnings of the credit union. While we hope that Congress will consider credit union capital reform in the future, credit unions do not need the taxpayer assistance to do more business lending because, unlike some banks, credit unions remain generally well capitalized. Credit unions' impediment to additional small business lending is not the need for more capital but an arbitrary statutory limit on business loans of 12.25% of their total assets.

Credit unions throughout the country have continued to make business loans despite the economic crisis and want to do even more to help small businesses in their communities. These loans are made very prudently by credit unions, and have low charge-off and delinquency rates, compared to banks. Legislation has been introduced in both the House and the Senate to increase the credit union business lending cap from 12.25% to 25% of total assets (H.R. 3380 / S. 2919). Enactment of these bills could provide up to \$10 billion in new loans to small businesses and create as many as 108,000 jobs – without costing the taxpayers a dime, or increasing the size of government.

As Congress puts together job creation legislation, we hope you will not forget the important role credit unions can play in helping their small business-owning members. Increasing the credit union member business lending cap is a "no cost to the taxpayers" proposal that should be included in a comprehensive job creation package.

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

Sincerely,

Daniel A. Mica  
President & CEO



PO Box 431 | Madison, WI 53701-0431 | 5710 Mineral Point Road | Madison, WI 53705-4454 | **PHONE:** 608-231-4000