



Credit Union National Association

cuna.org

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December 10, 2008

Members of the Committee on Financial Services
United States House of Representatives

Dear Representative,

On behalf of the Credit Union National Association (CUNA), I am writing to follow-up on today's House Financial Services Committee oversight hearing on the Treasury Department's implementation of the Troubled Asset Recovery Program (TARP). CUNA represents 90% of America's 8,200 state and federally chartered credit unions and their 90 million members.

In opening statements and throughout the course of the examination of the hearing witnesses, several Members noted that small business owners, homebuyers and other consumers were having difficulty in securing credit because banks, including several recipients of TARP funds, were not making loans.

I want to assure you that credit unions continue to lend, even in these difficult times. Total lending by credit unions continued to rise through October, the latest date on which we have available data. Credit union loans outstanding increased 0.5% from September 2008 to October 2008, and 6.6% over the first 10 months of 2008, compared to increases of 0.7% and 5.6% during the same periods last year. Moreover, through September, the fastest growing type of credit union lending was business lending.

The credit union system remains generally healthy and credit unions are not only willing, but able, to continue lending to their members safely and soundly. However, the engine of our economy is the American small business owner; and credit unions have a statutory limit on the amount of business lending. This statutory limit, which is essentially 12.25% of total assets, is far beneath the level of business lending that a healthy credit union could extend in a safe and sound manner.

We encourage Congress to remove the statutory cap on credit union business lending as a mechanism to ensure that your small business owning constituents can continue to access the credit that they need to operate their businesses. We estimate that in an environment in which there was no statutory limit on credit union business lending and in which credit unions were encouraged by their regulator to make these loans, credit unions could lend up to an additional \$10 billion in the first twelve months. **This is economic stimulus that does not cost the taxpayers a dime, and does not increase the size of government.**

We look forward to working with you to ensure that American consumers, including small business owners, are able to secure credit. Credit unions were established in the aftermath of the Great Depression to stabilize the credit system; the need for stabilization is similar today, and credit unions can do more if Congress permits them to do so.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Mica".

Daniel A. Mica
President & CEO



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