



Credit Union National Association

cuna.org

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June 16, 2011

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

Dear Representatives:

On behalf of the Credit Union National Association (CUNA)¹, I am writing to urge your support of the Small Business Lending Enhancement Act, H.R. 1418. Credit unions are capped, by law, from loaning more than 12.25% of their assets to small businesses. This legislation would permit credit unions to more fully meet the credit needs of America's small businesses by raising the lending cap and allowing access to an additional \$13 billion of capital, at no cost to the taxpayer.

Since their founding in the United States over 100 years ago, credit unions have been serving the credit needs of their small business-owning members. As banks have reduced credit availability to small businesses over the last several years, credit union business lending has safely and soundly expanding with a remarkably lower charge-off and delinquency rates than banks making business loans. Despite a request from small businesses for capital and our desire to lend, credit unions have been subject to a statutory business lending cap of 12.25% of their assets since 1998. Today, many credit unions are rapidly approaching the cap while others choose not to engage in business lending because of the cap.

Last year, the administration gave its strong support to identical legislative language to increase the credit union business lending cap to 27.5% of total assets, and worked with the National Credit Union Administration to shape this legislation. The Treasury Department indicated they would support legislation that provides for safety and soundness concerns. This legislation does that by requiring credit unions to be well capitalized, demonstrate at least five years of experience of sound underwriting and servicing of member business loans, have experience in managing these loans and be subject to approval from their regulator, the National Credit Union Administration. In addition, credit unions' lending ability would be increased gradually with vigorous oversight from the regulator.

Credit unions are aware that major banking trade associations oppose this legislation. This legislation is not about credit unions; it is about helping small businesses access credit. We believe that this will help credit unions lend at least \$13 billion in additional business loans in the first year after enactment, helping small businesses create over 140,000 new jobs. With the average credit union business loan

¹ CUNA represents nearly 90% of America's 7,300 state and federally chartered credit unions and their 93 million members, many of whom own small businesses which could benefit from this legislation.



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approximately \$220,000, this means that roughly 65,000 small businesses could benefit from this legislation.

It is disturbing that the bankers seem more concerned about keeping credit unions from helping small businesses than helping small businesses themselves. Credit unions understand that in order for the economy to fully recover, small businesses need access to credit which will help their businesses grow. Credit unions have capital to lend, a history of prudent and safe small business lending, and a mission to help provide access to credit to their members—including their small business-owning members. **This is a commonsense economic recovery and job creation measure that requires no taxpayer money and does not expand the size of government.** We encourage all Representatives to cosponsor H.R. 1418, and hope the House will act quickly to pass this bill.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping underline that extends to the right.

Bill Cheney
President & CEO