



Credit Union National Association

cuna.org

BILL CHENEY
President & CEO

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | **PHONE:** 202-508-6745 | **FAX:** 202-638-3389

June 1, 2011

The Honorable Sam Graves
Chairman
Committee on Small Business
United States House of Representatives
Washington, DC 20515

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Chairman Graves and Ranking Member Velazquez:

On behalf of America's credit unions, thank you for holding today's hearing entitled "Access to Capital: Can Small Businesses Access the Credit Necessary to Grow and Create Jobs?" CUNA represents nearly 90% of America's 7,500 state and federally chartered credit unions and their 93 million members.

Credit unions stand ready to help businesses grow and create jobs. 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. While small business lending does not make up the largest portion of credit union lending, it is the fastest growing segment by a significant margin. In fact, as banks have reduced credit availability to small businesses over the last several years, credit union business lending has expanded. Furthermore, credit unions have proven the ability to do small business lending safely and soundly, demonstrating remarkably lower charge-off and delinquency rates than banks making business loans. However, since 1998, credit unions have been subject to a statutory business lending cap of 12.25% of their assets. Today, many credit unions are rapidly approaching the cap while others choose not to engage in business lending because of the cap.

Representatives Ed Royce and Carolyn McCarthy have introduced legislation (H.R. 1418) to raise the business lending cap to 27.5% of total assets. The administration supports this legislation and worked with National Credit Union Administration to shape it. We conservatively estimate that if H.R. 1418 were to become law, credit unions could lend an additional \$13 billion to small businesses in the first year after implementation, helping them to create nearly 140,000 new jobs.

Unlike the recently enacted Small Business Lending Fund Act, which gave community banks \$30 billion of taxpayer money as an incentive to lend to small businesses, increasing the credit union business lending cap could be done without



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

The Honorable Sam Graves
The Honorable Nydia Velazquez
June 1, 2011
Page 2

spending a dime of taxpayer money and without increasing the size of government. To be clear, credit unions do not need taxpayer money to lend more to small businesses; they need the authority from Congress to do so.

America's credit unions and their 93 million members stand ready to be part of the solution to the economic problems our nation faces. In an effort to promote economic recovery and job creation, we strongly urge Congress to increase the credit union member business lending cap. While we are aware that this legislation is not within the jurisdiction of this committee, we hope that the Committee will be supportive of this 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 provide a much needed infusion of capital for small businesses.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping horizontal stroke extending to the right.

Bill Cheney
President & CEO