



Credit Union National Association

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March 21, 2011

The Honorable Mary Landrieu
Chairman
Committee on Small Business
United States Senate
Washington, DC 20510

Dear Chairman Landrieu:

On behalf of the Credit Union National Association (CUNA), I am writing regarding your statements concerning credit unions on the Senate floor on Thursday. CUNA represents approximately 90% of America's 7,600 state and federally chartered credit unions and their 93 million members. During debate on S. 493, the SBIR/STTR Reauthorization Act of 2011, you noted that credit unions had been asked if they wanted to participate in the Small Business Lending Fund enacted by Congress last year, and that credit unions declined. I would like to clarify our position on the small business lending fund and encourage you to renew your past support for increasing the credit union member business lending cap.

Credit unions are committed to serving their members, including their business-owning members. Credit unions did not seek to participate in the small business lending fund program for three reasons: credit unions did not want to take TARP money; under current law, credit unions could not have used funds from the small business lending fund as capital even if they had wanted to participate in the program; and, most importantly, credit unions did not need the money in order to increase their lending to the nation's small businesses. The chief impediment to additional credit union business lending is **not** a lack of capital or an unwillingness to make that capital available to small businesses. Rather, the chief impediment to additional credit union business lending is the statutory credit union member business lending cap (imposed in 1998), which Senator Mark Udall's amendment (S.Amdt. 242) to S. 493 seeks to increase.

Senator Udall has proposed a commonsense solution that promotes job creation and economic growth in a responsible manner. His amendment would permit credit unions to lend an additional \$13 billion to small businesses in the first year after implementation, helping small businesses create 140,000 new jobs. The Obama administration, as well as three senior members of the Senate Banking Committee, including Senator Brown of Ohio, the Chairman of the Financial Institutions Subcommittee, supports this initiative. In total, twenty Senators, including the Majority Leader, have sponsored Senator Udall's amendment or his stand alone bill, S. 509, the Small Business Lending Enhancement Act. And, as you know, you have also cosponsored similar legislation in the past (S. 2957, 110th Congress).



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Credit unions have been lending to their small business-owning members for over 100 years, and for the first 90 of these years, without a statutory cap. The average credit union business loan is less than \$220,000 which illustrates that credit unions are lending to Main Street, not Wall Street. While business lending does not make up the largest segment of credit union lending, the data show that credit union business loans have performed very well: their delinquency and charge-off rates are significantly lower than the bank rates for similar loans. Delinquency and charge-off rates for credit union business loans also have historically been lower for credit union business loans than they are for other types of credit union loans.

As banks pulled back on access to credit during the recession, credit unions continued to lend to their business-owning members. In fact, credit union business lending has been the fastest growing segment of credit union lending during the financial crisis. However, as more and more credit unions approach the cap, business lending growth is slowing; this makes Senator Udall's bill that much more important. Credit unions stood by their business-owning members when the economic crisis hit and they want to continue to be there for their members as the economy recovers.

The only groups that oppose additional credit union business lending are the banking trade associations that sought and received taxpayer assistance as an incentive to lend to small businesses. It is not surprising the banks would oppose legislation to provide additional small business lending given their unwillingness or inability to lend to small business over the last several years; however, Congress should not let the banks be the reason small businesses cannot access credit from credit unions.

We understand and respect that this legislation falls under the jurisdiction of the Senate Banking Committee, and we will work with Senator Johnson to ensure that any remaining concerns on the part of the Committee are addressed. When the facts are laid on the table, it will be clear that increasing the credit union member business lending cap is a prudent and appropriate step to take to help small businesses access capital and create jobs. We encourage you to once again support legislation to increase the credit union member business lending cap and to work with Senator Udall, Senator Snowe and others to secure its passage in the Senate.

On behalf of America's credit unions and their 93 million members, thank you for your consideration.

Best regards,



Bill Cheney
President & CEO

cc-Senator Mark Udall

-Senator Olympia Snowe, Ranking Member, Committee on Small Business

-Senator Timothy Johnson, Chairman, Committee on Banking, Housing and Urban Affairs