

# STRAIGHT TO THE POINT

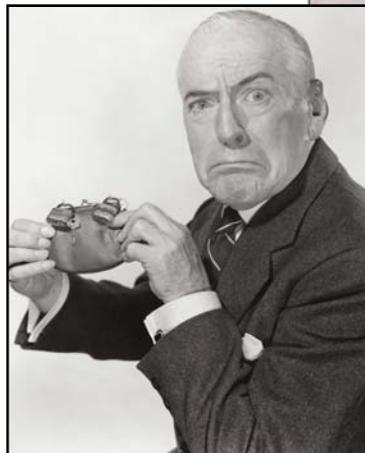
WHEN IT COMES TO SMALL BUSINESS LOANS,  
WHO SHOULD YOU LISTEN TO?



SMALL BUSINESS  
OWNERS?

OR

THE BANKERS?



## Banker rhetoric claims credit unions are going outside their original mission:

"...an increase in the business lending cap will simply allow credit unions to stray further from their traditional mission." American Bankers Assoc. 2009

## Just like they've done every time credit unions wanted to offer their members better services:

"Checking is beyond the credit union mandate." American Bankers Assoc. 1971

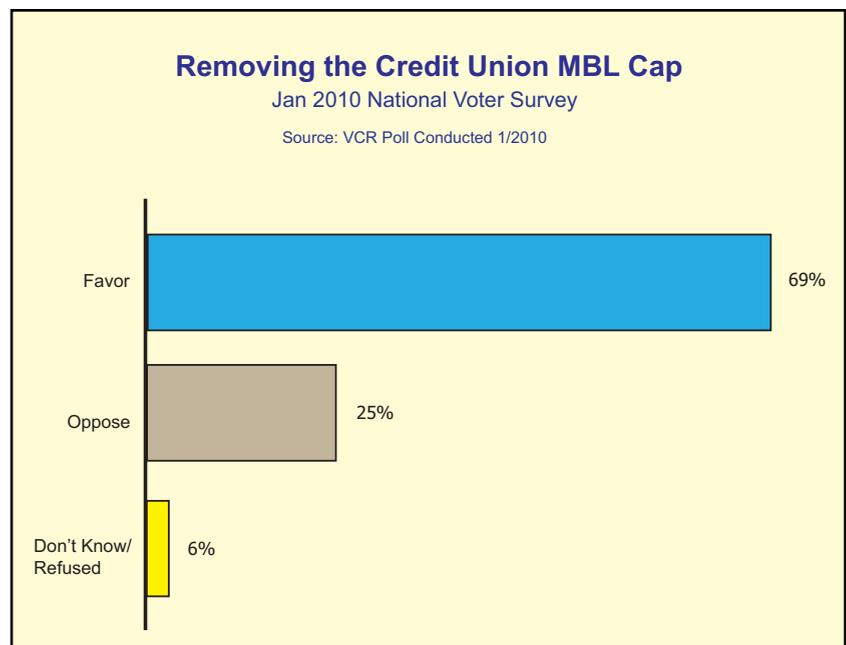
## But business lending has been a part of the credit union mission since the beginning:

"There is also a very interesting class of small merchants, of humble industrialists, of modest entrepreneurs whose financial status does not permit them to have access to the large banks where their well enough known fellow businessmen go to stock up in order to enjoy the benefit of a checking account." Alphonse Desjardins - Pioneer of America's credit union movement; Manchester, NH; November 24, 1908

## Until 1998 there was NO cap on credit union member business lending.

### Why should there be one now?

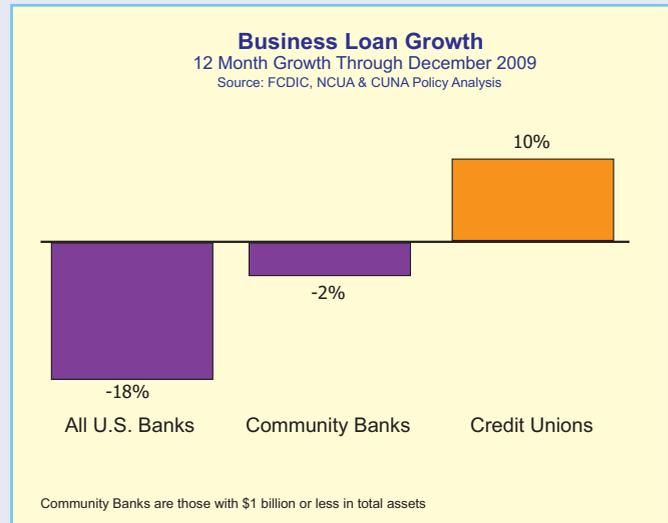
Research shows that voters across the country support removing the credit union member business lending cap by an overwhelming majority.



# Just because they keep saying it, that doesn't make it true.

**Banker claim:** Community banks have been lending throughout the economic crisis and there is plenty of available credit for small businesses.

**Reality:** NFIB recently reported that only 40% of small business owners attempting to borrow in 2009 had all of their credit needs met, compared to about 90% just a few years ago. Banks are turning away business borrowers & their business loan portfolios are shrinking.



**Banker claim:** Raising the cap will harm community banks.

**Reality:** Credit unions hold just 4.5% of all small business loans and it took them 100 years to reach this market share. Even if credit unions doubled their share, banks would hold an overwhelming 91% of all business loans.

**Banker rhetoric:** "Credit unions now pose a serious threat to the commercial banking system." Carl Bahmeier; *American Banker*; June 13, 1961

## CU Business Lending: Safe & Sound

### Business Loan Asset Quality Comparisons

#### Business Loan Net Chargeoffs

	Credit Unions	Banks
1999	0.12%	0.57%
2000	0.05%	0.01%
2001	0.10%	1.43%
2002	0.09%	1.76%
2003	0.08%	1.26%
2004	0.10%	0.50%
2005	0.05%	0.27%
2006	0.08%	0.30%
2007	0.09%	0.52%
2008	0.33%	1.01%
<b>2009</b>	<b>0.59%</b>	<b>2.36%</b>

**Banker claim:** Raising the cap would undermine credit union safety and soundness.

**Reality:** Credit unions have a long history of engaging in safe and sound business lending. In fact, business lending at credit unions is much safer than it is at other institutions.

**Banker rhetoric:** "Credit unions are engaged in the same kind of pell-mell-growth-at-any-cost strategy that marked the S&L industry. This could be a danger signal for the future."

American Bankers Assoc.; *ABA Weekly*; Oct. 8, 1989

# The voices of small business owners...

I approached the local community bank that had my loan at the time. They told me they could not loan me the money at this time due to the economic situation. I then approached several more banks to look for my financing. I was rejected by each one. My credit union was there when none of the banks were.

*Robyn Baker*

*Owner-Krystal-Milton; Milton, FL*

When I started the business it was so small that most of the local banks were really not interested in my business. Only Gwinnett FCU stepped up to the plate in offering my business a very small loan.

*Vicki L. Culbertson*

*President - Culbertsun Inc.; Suwanee, GA*

In the 12 years of start up and growth I've filled out DOZENS and DOZENS of loan applications with local and regional banks. I have been told NO so many times that I all but gave up. It wasn't until we began working with our local credit union, Vantage West that we found capital to expand our businesses.

*Joe Higgins*

*President - JoeHiggins, Inc.; Tucson, AZ*

After being turned down by commercial banks during the banking down turn, our credit union was able to provide us with the lending resources needed to get started. Now we are excited to be providing quality low cost housing in these difficult times and we are creating jobs.

*Paul Barlows*

*Sunswept Estates; Fenton, MO*

After 10 years of doing business with Huntington National Bank, they came to me, without notice, and said they would no longer support car dealers and that I would have to take my business elsewhere and that I had 90 days to find a new mortgage company. If it were not for the Seventeenth Credit Union, I may have had to close my doors and nearly 40 employees that work here would have been without a job.

*Fred Martin*

*President - Fred Martin Ford; Youngstown, OH*

In March, 2008 I began the search for funds to refinance the property housing my business for financial support of the business. It took me fourteen months to secure the loan. Among those who would not lend me the money were Wells Fargo (with whom I had been banking for thirty seven years), Citibank, Comerica, and U.S. Bank. Meriwest Credit Union did provide the loan and I commend them for their support of my business and the community I serve, Burlingame, California.

*David Hinckle*

*Owner - Earthbeam Natural Foods; Burlingame, CA*



Credit Union  
National Association

Credit Union National Association, Inc.  
601 Pennsylvania Ave., NW Ste 600, South Building  
Washington, DC 20004-2601  
800-356-9655  
[www.cuna.org](http://www.cuna.org)



*Where people are worth more than money.™*