



**National Association of Federal Credit Unions**  
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**Fred R. Becker, Jr.**  
*President and CEO*

September 20, 2010

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable John Boehner  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: Enable Credit Unions to Assist Small Business Owners, Raise the Arbitrary Credit Union Member Business Lending Cap as part of H.R. 5297**

Dear Speaker Pelosi and Minority Leader Boehner:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions, I urge you and your colleagues to embrace bipartisan legislation that would raise the arbitrary member business lending cap imposed on credit unions and include it in the final version of H.R. 5297. Raising the arbitrary and outdated cap, currently set at 12.25% of assets, would enable credit unions to help restore the flow of credit to America's small businesses and get people back to work.

As you may know, Reps. Paul Kanjorski (PA-11) and Ed Royce (CA-40) have introduced H.R. 3380, the *Promoting Lending to America's Small Businesses Act of 2009*, in the House which would raise this outdated cap. Senator Mark Udall filed a similar amendment that featured compromise language (#4609) when the Senate took up and passed H.R. 5297, the *Small Business Lending Fund Act*, earlier this week. Unfortunately, despite bipartisan support, the Senate took no action on this amendment and did not include it in the version of H.R. 5297 passed by the Senate. NAFCU urges the inclusion of language to raise the credit union member business lending cap when the House takes up the Senate passed legislation.

While there are a number of credit unions at or approaching the arbitrary cap, many more have capital to lend but have not fully developed their business lending programs because of this artificial and arbitrary limitation on these programs. It should also be known that the Chairman of the National Credit Union Administration, credit unions prudential regulator, has endorsed the member business lending cap increase stating just yesterday

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that if the cap should be raised, “the NCUA would take every appropriate step to enhance regulatory safeguards and assure that member business lending is done in a prudent and safe manner.”

Despite relentless attacks from banking trade groups against any legislation that would raise the member business lending cap for credit unions, it is a viable way to assist small businesses with their lending needs without costing the taxpayer a dime. It’s ironic that H.R. 5297 sets up a \$30 billion fund for community banks, many of whom have missed scheduled quarterly dividend payments owed in conjunction with taking TARP money, yet, the same bankers oppose budget neutral efforts to enable credit unions to further assist with recovery efforts. Credit unions and their 92 million members want to be part of the recovery, but cannot fathom how Congress would pass a \$30 billion hat to the American taxpayer, while not including this less-costly option as part of the legislation.

It is with the above concerns in mind that NAFCU urges the House to include an amendment that would raise the arbitrary credit union member business lending cap when the House takes up the Senate passed version of H.R. 5297. Congress has a legitimate opportunity to help small businesses without putting the American taxpayer further at risk by allowing credit unions and their 92 million members to further assist our struggling economy. We urge you to do so.

If my staff or I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact myself, or NAFCU’s Director of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,



Fred R. Becker, Jr.  
President and CEO

cc: Members of the United States House of Representatives