



National Association of Federal Credit Unions
3138 10th Street North • Arlington, Virginia • 22201-2149
703-522-4770 • 800-336-4644 • Fax 703-522-2734

Fred R. Becker, Jr.
President and CEO

September 7, 2010

The Honorable Karen Mills
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Mills *Karen Mills*

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association that exclusively represents the interests of federal credit unions, I write to ask for your support in our efforts to raise the arbitrary credit union member business lending cap.

The Commerce Department recently lowered its second quarter estimate for U.S. GDP growth from a 2.4 percent annual rate to just 1.6 percent. News that economic growth continues to dwindle is especially devastating for the millions of Americans looking for work. As you know, small businesses employ half of all private sector employees, and they are a key to job creation and our nation's economical success. Unfortunately, as small businesses try to navigate through the tough economic landscape, the same large financial institutions that caused the difficult economic conditions have reduced their small business lending.

As a result, many businesses have turned to credit unions to fulfill their lending needs. NAFCU has been a long time supporter of the Small Business Administration and its lending programs and initiatives. Unfortunately, the arbitrary member business lending cap of 12.25% is preventing credit unions from using all available resources to fill the lending void facing business owners. Raising the member business lending restriction would unlock another lending resource for struggling small businesses.

Fortunately, legislation has been introduced in both the House of Representatives and the Senate. In the House, Representatives Paul Kanjorski and Ed Royce have introduced standalone legislation, the *Promoting Lending to America's Small Businesses Act of 2009* (H.R. 3380) that would lift the member business lending cap imposed on credit unions. In the Senate, Mark Udall has filed an amendment to H.R. 5297 that would also

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lift the member business lending cap. While the details of these proposals differ somewhat, it should be noted that they are both bipartisan, both put safety and soundness safeguards into place in conjunction with raising the member business lending cap, and neither would cost the American taxpayer a dime. The National Credit Union Administration (NCUA), which has a strong track record of overseeing credit union business lending, recently wrote to Treasury Secretary Timothy Geithner to let him know that the NCUA would be ready to handle any modification of the arbitrary cap.

It is with this in mind that we ask that you support these efforts and urge Congress to allow credit unions to help small businesses by raising the credit union member business lending cap. Thank you for your attention to this matter. 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/CEO

*Administrator Mills -
We would truly
appreciate your support
on this critical issue as
we work together to
serve America's small
businesses for and in this very
difficult economic environment!*