



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

July 29, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Re: Don't pass H.R. 5297 without including credit unions!

Dear Leader Reid and Leader McConnell:

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 write today regarding the small business legislation (H.R. 5297) currently pending consideration on the Senate floor and the importance of including credit unions in this package.

As you are well aware, there has been an amendment filed by Senator Mark Udall (SA 4443) which would raise the arbitrary credit union member business lending cap to 27.5% of assets, up from 12.25%. Unlike the community banks' \$30 billion proposal (which already had its opportunity for a vote), the Udall Amendment does not cost the American taxpayer a dime. Credit unions are dismayed that the United States Senate would vote to give community banks \$30 billion in aid from the American taxpayer, yet would not hold a vote on the floor to help those 92 million Americans who turn to credit unions for their financial services by removing an outdated and arbitrary limitation, especially when it would not cost the taxpayer anything.

The Udall amendment, a carefully crafted compromise between key lawmakers, the National Credit Union Administration (NCUA) and the Department of Treasury, specifically addresses safety and soundness concerns by limiting a credit union's member business lending portfolio growth to no more than 30% annually. In addition, a credit union would need five consecutive years of experience in underwriting and servicing member business loans, and meet a series of standards set by the NCUA including a requirement that the prudential regulator deem participating credit unions well capitalized. We emphasize that earlier this year, NCUA Chairman Debbie Matz wrote to

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Treasury Secretary Timothy Geithner to assure him that the agency was ready to respond to a modification of the arbitrary cap with respect to safety and soundness.

Many in the financial services industry, especially smaller community-based institutions like credit unions, understand the plight of small business owners and the challenges they face during these tough economic times. We can all agree that the strength of the economy and labor force is strongly influenced by the health and well-being of the small business community. We all want to help small businesses get the credit that they need, and credit unions are proud to have consistently served over 92 million Americans throughout the financial crisis. One important step in truly doing everything possible to help small businesses is for the Senate to consider the Udall amendment to increase the arbitrary credit union member business lending cap. The adoption of such a proposal to the pending small business bill would be a significant step toward ensuring that small business owners have as many resources as possible to access credit.

Unfortunately, if the Senate opts to move forward on a package that leaves credit unions and their 92 million members behind, while at the same time giving community banks access to another \$30 billion in taxpayer dollars, we are afraid that we will have no choice but to oppose the bill and would urge the Senate to reject the measure until such time that the Udall language can be included.

Should you have any questions or require additional information please do not hesitate to contact myself or NAFCU's Director of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fred R. Becker, Jr.", written in dark ink.

Fred R. Becker, Jr.
President and CEO

cc: Members of the United States Senate