



National Association of Federal Credit Unions
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B. Dan Berger
Executive Vice President
Government Affairs

May 17, 2010

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Frank and Ranking Member Bachus:

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 am writing to you regarding tomorrow's hearing on "Initiatives to Support Small Business Lending, Jobs and Economic Growth." NAFCU urges action on legislation modifying the arbitrary credit union member business lending cap, such as H.R. 3380, the *Promoting Lending to America's Small Businesses Act*, in conjunction with any Committee action on H.R. 5297, the *Small Business Lending Fund Act*, or any other legislation put forward.

NAFCU believes that the strength of the economy and labor force is strongly influenced by the health and well being of the small business community. Unfortunately, due to an antiquated arbitrary cap (12.25% of total assets) on their member business lending, credit unions' business lending ability is restricted. 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.

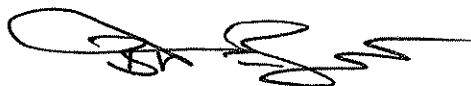
Eliminating or raising the arbitrary credit union member business lending cap would help take an important step in the recovery of the small business community and the overall economy. H.R. 3380 would raise the member business lending cap to 25%, while also allowing credit unions to supply much needed capital to small businesses. Unlike our banking counterparts, NAFCU believes we must do everything possible to extend credit to small businesses from as many resources as possible.

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We also note that President Obama has stated that he would like job creation measures that would not impose a burden on taxpayers. Unlike some other ideas, this approach to helping small businesses could be done without costing the American taxpayer a cent. It is with this in mind that NAFCU strongly supports Committee action to raise the arbitrary credit union member business lending cap in conjunction with action on H.R. 5297 or any other job creation legislation.

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,

A handwritten signature in black ink, appearing to read "B. Dan Berger", with a stylized flourish at the end.

B. Dan Berger
Executive Vice President, Government Affairs

cc: Members of the House Financial Services Committee