



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

October 6, 2011

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: Allow Credit Unions to Help Small Businesses Create Jobs, Support S. 509

Dear Leader Reid and Leader McConnell:

As Congress focuses on job creation and the economy, the National Association of Federal Credit Unions (NAFCU) continues to urge swift action on bipartisan legislation to raise the arbitrary member business lending cap currently hampering credit union lending efforts. With a struggling economy and recent fee increases at many of the nation's banks, 93 million credit union members across the country are relying on their neighborhood financial institution more than ever.

We ask today that Senate leadership embrace the bipartisan *Small Business Lending Enhancement Act* (S. 509) and bring this legislation to the floor. Sponsored by Senators Mark Udall and Olympia Snowe, this legislation will allow credit unions to help small businesses in their communities to create the jobs America needs. Other programs have seen Congress give taxpayer dollars to banks, only to see those banks turn and increase fees on consumers as a way to increase their profits. An October 6th *Wall Street Journal* article ("Tale of Two Loan Programs") noted how community banks took taxpayer funds from the Small Business Lending Fund passed by Congress last year and used that money to repay TARP funds instead of helping small business. Congress should investigate this shell game perpetrated by the banks.

Not-for-profit credit unions do not need taxpayer dollars to lend to small businesses; rather they only need the removal of the arbitrary and artificial government cap (12.25% of total assets) on member business lending to help our economy.

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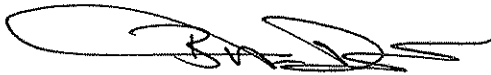
NAFCU believes that the strength of the economy and labor force is strongly influenced by the health and well-being of the small business community. Credit unions themselves are small businesses and in these tough economic times are in a solid position to understand and help fellow small businesses with access to capital issues. Unfortunately, due to the antiquated arbitrary cap on member business lending, the ability of credit unions to lend to small businesses is severely hampered.

S. 509 is designed to raise the member business lending cap for credit unions who meet strict eligibility requirements. In fact, the eligibility requirements, including limiting annual MBL portfolio growth to 30% annually, were specifically designed to refute baseless claims by the banking industry that this bill would somehow create safety and soundness issues. Currently, there is identical bipartisan legislation pending consideration in the House (H.R. 1418). It should also be noted that Secretary Timothy Geithner has expressed the Treasury Department's support for the same approach put forth in these bills.

Our nation's credit unions stand ready to make additional member business lending loans and help get people back to work. This legislation is a win-win for consumers, small businesses, and the credit unions who serve them. It's time for Congress to move on this important issue.

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

Sincerely,



B. Dan Berger
Executive Vice President, Government Affairs

cc: Members of the Senate