



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

October 25, 2011

The Honorable Spencer Bachus
Chairman
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Barney Frank
Ranking Member
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Bachus and Ranking Member Frank:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association exclusively representing the interests of our nation's federal credit unions, I am writing to you regarding tomorrow's mark-up of jobs legislation and to share NAFCU's views on how credit unions could assistance in our nation's economic recovery.

As the Committee focuses on legislation to spur job creation, NAFCU urges action on H.R. 1418, the *Small Business Lending Enhancement Act*, sponsored by Representatives Ed Royce and Carolyn McCarthy. This bipartisan legislation will allow credit unions to help small businesses in their communities to create the jobs America needs.

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. Many of these small businesses are turning to credit unions to meet their business lending needs, while other lenders have turned them away. Unfortunately, due to the antiquated arbitrary cap on member business lending, the ability of credit unions to lend to small businesses is severely hampered. While Congress has enacted programs using taxpayer dollars to encourage lending among banks, not-for-profit credit unions do not need taxpayer dollars to lend to small businesses. They only need the removal of the government cap (12.25% of total assets) on member business lending to help our economy.

H.R. 1418 is designed to raise the member business lending cap for credit unions who meet strict eligibility requirements. In fact, the eligibility requirements, including limiting

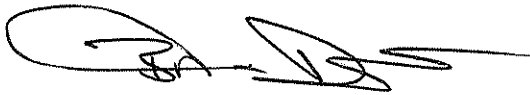
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annual member business lending portfolio growth to 30% annually, were specifically designed to refute baseless claims by the banking industry that this bill would somehow create safety and soundness issues. Currently, there is identical bipartisan legislation pending consideration in the Senate (S.S09).

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. We urge the Committee to act on this job creating legislation.

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,

A handwritten signature in black ink, appearing to read 'B. Dan Berger', with a large, sweeping flourish extending to the right.

B. Dan Berger
Executive Vice President, Government Affairs

cc: Members of the House Financial Services Committee