



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

January 31, 2012

The Honorable Sam Graves  
Chairman  
House Small Business Committee  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Nydia M. Velazquez  
Ranking Member  
House Small Business Committee  
United States House of Representatives  
Washington, D.C. 20515

**Re: Small Business Job Creation and Economic Growth**

Dear Chairman Graves and Ranking Member Velazquez:

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 in conjunction with tomorrow's hearing, "The Path to Job Creation: The State of Small Businesses." NAFCU appreciates the committee's ongoing efforts in identifying obstacles to job creation and economic growth.

As you know from previous correspondence, our nation's federal credit unions stand ready to facilitate additional business lending and help get their neighbors back to work. Unfortunately, the arbitrary member business lending cap credit unions face continues to hinder the ability of local lenders to help lift small businesses out of the worst financial crisis since the Great Depression. This artificial cap is also stifling on credit union SBA lending, as non-guaranteed portions of SBA loans count toward the cap.

NAFCU strongly supports the *Small Business Lending Enhancement Act* (H.R. 1418), introduced by Reps. Ed Royce (R-CA) and Carolyn McCarthy (D-NY), as a remedy to this issue. This bipartisan legislation would raise the member business lending cap to 27.5% of total assets, up from 12.25%, and help stimulate the nation's struggling economy by increasing access to credit for small business owners. Enacting this legislation is one way to foster economic growth and help small businesses create jobs.

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The *Small Business Lending Enhancement Act* represents a carefully crafted compromise tailored to address the concerns that raising the current cap could somehow create safety and soundness issues. Any participating credit union must be well capitalized; have 5 years of member business lending experience; be at or above 80% of the current cap for at least one year prior to applying; and must be able to demonstrate sound underwriting and servicing based on historical performance and strong management. National Credit Union Administration (NCUA) Chairman Debbie Matz and Treasury Secretary Tim Geithner have both expressed their support for this legislation.

On behalf of the nearly 94 million credit union members across the country, we ask that members of the Committee stand up for small business owners and credit unions by supporting this reasonable legislative effort to lift the cap and expand lending. 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) 522-4770.

Sincerely,



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

cc: Members of the House Small Business Committee