

Increase Small Business Growth and Job Creation in Local Communities

Dear Colleague:

We invite you to join us in co-sponsoring H.R. 3993, the Capital Access for Small Businesses and Jobs Act. This bipartisan legislation improves the safety and soundness of credit unions by enhancing their ability to react to market conditions and grow safely into the future.

Since the financial crisis tipped our country into recession, credit unions have stepped up and served as a vital source of capital and market liquidity in local communities. Credit unions are not-for-profit cooperatives locally owned and managed by members. These cooperatives did not engage in the risky lending practices that led up to the crisis and have not cost taxpayers a dime. When sound small businesses and homebuyers were having trouble finding credit during the liquidity crunch, credit unions filled that lending gap in many parts of the country. But current law is discouraging credit unions from continuing to grow to meet community needs.

The objective of this legislation is to:

- Rectify a flaw in the 1998 law that is discouraging manageable asset growth by financially healthy credit unions;
- Ensure credit unions can continue to accept new deposit shares – even during tough economic times when demand for loans and other income-generating services are low;
- Allow credit unions to help keep private sector credit flowing at affordable rates even in recessionary times;
- Provide the credit unions' regulator, National Credit Union Administration (NCUA), with the same authority and flexibility to adjust capital requirements in response to changes in economic conditions as Congress has provided to federal banking regulators.

The bill achieves these goals by allowing credit unions to access supplemental forms of capital. This will minimize the probability of credit union insolvency, and ensure they can continue to best serve the 90 million Americans who currently look to credit unions as a vital source of affordable financial services – and grow to meet the needs of new members.

The NCUA and the National Association of State Credit Union Supervisors (“NASCUS”) support allowing well-managed credit unions access to supplemental capital as a means to improve safety and soundness. This legislation also enjoys broad support within the credit industry.

To sign on as a cosponsor of the Capital Access for Small Businesses and Jobs Act, please contact Erin Ingraham in Mr. King's office (5-7896 / erin.ingraham@mail.house.gov) or Tim Carey in Mr. Sherman's office (5-5911 / tim.carey@mail.house.gov).

Sincerely,

PETER T. KING
Member of Congress

BRAD SHERMAN
Member of Congress