



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

March 5, 2012

The Honorable Tim Johnson
Chairman
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

Re: Capital Formation, Job Growth, and How Credit Unions Can Assist in the Recovery

Dear Chairman Johnson and Ranking Member Shelby: *Chairman Johnson*

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 today in conjunction with tomorrow's hearing, "Spurring Job Growth Through Capital Formation While Protecting Investors, Part II." The nation's credit unions have been responsible actors in the financial services arena throughout the financial crisis and are prepared to continue helping small businesses create jobs. As you may know, nearly 94 million people across the country are credit union members and rely on their local lender to access much needed credit.

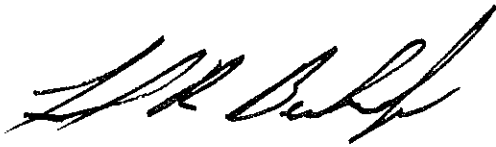
As the committee reviews, among other things, the requirements for bank registration with the Securities and Exchange Commission, there are other bipartisan initiatives that would relieve community-based financial institutions from regulatory burdens while creating jobs that also merit consideration as part of any jobs package. Namely, legislation put forward by Senators Mark Udall and Olympia Snowe that would raise the arbitrary member business lending cap credit unions face. The *Small Business Lending Enhancement Act* (S. 509) would raise the member business lending cap in a sound way for eligible credit unions and create jobs without spending a dime of taxpayer funds. This is in stark contrast to the legislation that created the multi-billion dollar Small Business Lending Fund for community banks, which has subsequently come under sharp criticism from members on both sides of the aisle. NAFCU strongly urges the committee to consider raising the member business lending cap on credit unions in any legislative package put forward to create jobs.

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Page 2 of 2

As you know, the "crowdfunding initiative", also under consideration by the committee, would allow entrepreneurs to raise much needed capital from small dollar investors outside of the traditional capital markets. While cooperative organizations are predicated on the idea of members coming together to pool their money and promote thrift among the membership, credit unions are known as entities in their communities that have the expertise necessary to help small businesses grow. It would seem to be common sense that all solutions, including raising the credit union member business lending cap, should be reviewed in concert with any effort to promote crowdfunding. As our country recovers from the worst financial crisis since the Great Depression, Congress should leave no stone unturned in terms of helping small businesses create jobs and getting Americans back to work.

Raising the credit union member business lending cap is a key issue for NAFCU members and should be coupled with efforts related to shareholder threshold or crowdfunding. Anything less will represent another missed opportunity to maximize the availability of credit to American small businesses and help our economy recover. We thank you for your consideration and welcome the opportunity to discuss this matter further. If my colleagues and 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 Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,



Fred R. Becker, Jr.
President and CEO

cc: Members of the Senate Banking Committee