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National Association of Federal Credit Unions | [www.nafcu.org](http://www.nafcu.org)

June 24, 2014

The Honorable Rick Crawford  
Chairman  
Subcommittee on Livestock,  
Rural Development, and Credit  
Committee on Agriculture  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Jim Costa  
Ranking Member  
Subcommittee on Livestock,  
Rural Development, and Credit  
Committee on Agriculture  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: Credit Availability in Rural America**

Dear Chairman Crawford and Ranking Member Costa:

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 entitled "A review of credit availability in rural America." As you are aware, in many rural areas of the country, there are a limited number of financial institutions providing agricultural lending. Credit unions are proud that they have making safe and affordable agricultural loans for a number of years, including through the economic crisis.

As the subcommittee considers the issue of credit availability in rural America, we urge you not to overlook the potential that currently exists to do more with our nation's credit unions. Our nation's credit unions have money to loan to small businesses; however, an outdated and arbitrary business lending cap stands in their way. Representatives Ed Royce and Carolyn McCarthy have introduced the *Small Business Lending Enhancement Act* (H.R. 688), a bill that would raise the member business lending cap in a sound way for eligible credit unions and help extend credit to the small businesses that drive our economy without spending a dime of taxpayer funds. We urge you to support this effort.

Additionally, while the National Credit Union Administration (NCUA) took action in 2012 to help credit unions do more to serve low-income and rural areas, recent actions by the agency could hamper that availability of credit. In January of this year, the NCUA issued a proposed risk-based capital rule for credit unions. If implemented as proposed, the new rule could have a chilling effect of reducing lending in rural areas as the agency's proposed "risk-weights" for member business loans may negatively impact the ability of credit unions to provide agricultural loans to their members. Several Members of Congress have already weighed in with their concerns about the proposal's potential negative impact on agricultural and rural lending. We would urge the subcommittee to follow developments on this issue as well.

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We would welcome the opportunity to discuss these issues 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 Director of Legislative Affairs, Jillian Pevo, at (703) 842-2836.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Thaler", with a long horizontal flourish extending to the right.

Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Subcommittee on Livestock, Rural Development, and Credit