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Carrie R. Hunt
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National Association of Federal Credit Unions | www.nafcu.org

March 23, 2015

The Honorable Mike Crapo
Chairman
Subcommittee on Securities, Insurance
and Investment
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Mark Warner
Ranking Member
Subcommittee on Securities, Insurance
and Investment
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

Re: "Capital Formation and Reducing Small Business Burdens"

Dear Chairman Crapo and Ranking Member Warner:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing our nation's federally chartered credit unions, I write in advance of tomorrow's hearing, "Capital Formation and Reducing Small Business Burdens." We appreciate the subcommittee's focus on creating jobs and reducing the regulatory burden small businesses face. As small businesses themselves, credit unions across the country currently meet the financial service needs of their 100 million members.

NAFCU and its member credit unions support the goal of helping America's small businesses create jobs. An important aspect of making capital available to small businesses is to reduce the regulatory burden on community financial institutions such as credit unions. Every dollar spent on compliance is a dollar that could be used instead to make a loan to a credit union member. We are pleased that the full Committee is currently working to craft a regulatory relief package that should help in this regard.

Credit unions want to help small businesses get the capital that they need. It is with this in mind that we encourage members of the subcommittee to support efforts to raise the arbitrary credit union member business lending cap. As you know, due to outdated regulations credit unions are restricted (12.25% of total assets) on the amount of business lending they can facilitate. Raising the cap would create jobs without spending a single dime of taxpayer money. It is also worth noting that the Treasury Department and the National Credit Union Administration have signed-off on this common sense proposal.

We also ask the subcommittee and its members consider proposals that would allow eligible credit unions access to supplemental capital in addition to retained earning sources. This will help ensure healthy credit unions can achieve manageable asset growth and continue to serve their member-owners efficiently as the country recovers from the financial crisis. The need for

supplemental capital is even greater today as NCUA pushes ahead with their stringent risk-based capital proposal which threatens to make credit unions hold more capital on their books and provide less to their members.

Thank you for holding this important hearing. If my staff or 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,

A handwritten signature in cursive script, appearing to read "Carrie R. Hunt".

Carrie R. Hunt
Senior Vice President of Government Affairs and General Counsel

cc: Members of the Senate Banking Subcommittee on Securities, Insurance and Investment