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National Association of Federal Credit Unions | www.nafcu.org

April 23, 2013

The Honorable Darrell Issa
Chairman
House Committee on Oversight &
Government Reform
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Elijah Cummings
Ranking Member
House Committee on Oversight &
Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Re: Credit unions want to help small business, even when banks don't

Dear Chairman Issa and Ranking Member Cummings:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federally chartered credit unions, I write today in advance of tomorrow's hearing, "Broken Promises: The Small Business Lending Fund's Backdoor Bank Bailout." As recently detailed by the Special Inspector General for TARP, the Small Business Lending Fund for community banks intended to spur lending and create jobs fell painfully short. While the banking industry continues to rely on taxpayer funds while not helping small business, credit unions and their 95 million members stand ready to help ensure small businesses can access the capital they need – while not taking taxpayer money to do so.


As recently released by the Special Inspector General for TARP and subsequently reported in *The Wall Street Journal*, out of the 332 banks participating in the small business lending fund program run by the Treasury Department, 137 used more than half of about \$4 billion disbursed by the program to help fund their exits from the Troubled Asset Relief Program. It was also found that a sizeable number of these banks didn't increase lending at all. Christy Romero, special inspector general for TARP, said it best, stating, "Small-business loan levels by TARP banks in [the] Small Business Lending Fund came up short." While the banks are waiting for the next taxpayer giveaway, credit unions continue to do what they have always done – serve those within their field of membership who may otherwise be unbanked.

As you know, bipartisan legislation (H.R. 688) put forward by Reps. Ed Royce (R-CA) and Carolyn McCarthy (D-NY) would raise the arbitrary member business lending cap for those credit unions meeting strict eligibility requirements. Restricting credit unions on the amount of business lending they can facilitate is counterproductive to job creation and should be addressed

immediately. For over 80 years credit unions conducted safe and sound business lending activity without the existence of any cap at all. In addition to this proven track record, the Treasury Department and the National Credit Union Administration (NCUA) have signed-off on this common sense proposal that would create jobs. Contrary to Small Business Lending Fund for community banks, raising the credit union member business lending cap wouldn't spend a single dime of taxpayer funds.

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 Senior Associate Director of Legislative Affairs, Jillian Pevo, at (703) 842-2286 or JPevo@nafcu.org.

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 House Committee on Oversight and Government Reform