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March 11, 2013

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: Support H.R. 719, the *Capital Access for Small Businesses and Jobs Act***

Dear Speaker Boehner and Minority Leader Pelosi:

I am writing 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, to urge your support for legislation introduced by Representatives Pete King and Brad Sherman—H.R. 719, the *Capital Access for Small Businesses and Jobs Act*. This bipartisan legislation improves the ability of credit unions to serve their members by enhancing their ability to react to market conditions and meet member demands.

Recently you may have heard from those representing bankers in an effort to mischaracterize the bill. The banker letter gets many things wrong about the bill, including even the bill's title. I hope to set the record straight on why this is an important bill for credit unions, small businesses and job creation.

Under current law, a credit union's net worth ratio is determined solely on the basis of retained earnings as a percentage of total assets. Because retained earnings often cannot keep pace with asset growth, otherwise healthy growth can dilute a credit union's regulatory capital ratio and trigger nondiscretionary supervisory actions under prompt corrective action (PCA) rules. H.R. 719, the *Capital Access for Small Businesses and Jobs Act*, removes this artificial constraint by empowering the National Credit Union Administration (NCUA), to authorize qualified credit unions access to supplemental capital.

The objective of the legislation is to ensure credit unions can continue to accept new deposits, especially during tough economic times, when demand for loans and other income-generating services are low, and to provide the 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 bankers claimed that the bill would undermine the cooperative character of credit unions when in fact the explicit language of the bill states that any rules promulgated by the NCUA must “not alter the cooperative nature of the credit union.”

Credit unions authorized by NCUA to accept supplemental forms of capital would still be credit unions – financial cooperatives dependent on their members for direction and support and focused on providing benefits to their members rather than to stockholders.

Credit unions are not-for-profit cooperatives that are member owned and managed. Credit Unions did not engage in the risky lending practices that led to the financial crisis. When members were having trouble finding a lender during the liquidity crunch, credit unions were often able to fill that lending gap, and served as a vital source of capital and market liquidity in local communities helping to create and maintain jobs. However, current law is discouraging credit unions from continuing to grow to meet member demand. That is why H.R. 719, the *Capital Access for Small Businesses and Jobs Act* is needed today.

We urge you and your colleagues in the House to support Representatives King and Sherman in their efforts by co-sponsoring H.R. 719. Thank you for your consideration and should you have any questions or require any additional information please contact me or Chad Adams, NAFCU’s Associate Director of Legislative Affairs, at 703-842-2265 or [cadams@nafcu.org](mailto:cadams@nafcu.org).

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the House of Representatives