



National Association of Federal Credit Unions  
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**B. Dan Berger**  
*Executive Vice President*  
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January 25, 2011

The Honorable Spencer Bachus  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Barney Frank  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: Raise the Arbitrary Credit Union Member Business Lending Cap**

Dear Chairman Bachus and Ranking Member Frank:

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 am writing to you regarding tomorrow's hearing "Economic Recovery and Job Creation Strategies." One strategy that NAFCU believes will help to create jobs would be the lifting of the outdated and arbitrary member business lending cap of 12.25% of assets that credit unions currently face. This is one of the most crucial ways that Congress can enable credit unions to continue to assist in the creation of jobs and flow of credit.

By artificially restricting the ability of credit unions to lend, the strength of the overall economy and health and well being of small businesses suffer. While there are a number of credit unions at or approaching the cap, many more have capital to lend but have not fully developed their business lending models because the very existence of this arbitrary ceiling. It is important to note that the National Credit Union Administration (NCUA), credit unions prudential regulator, has endorsed lifting the member business lending cap stating that NCUA would "take every appropriate step to enhance regulatory safeguards and assure that member business lending is done in a prudent and safe manner." In addition, the Treasury Department has also signed off on an approach to lifting the cap that they can support.

In short, credit unions stand ready and willing to do their part in assisting the 92 million credit union members across the country during the fragile economic recovery ahead. NAFCU strongly urges the committee to consider additional discussion of the credit union member business lending cap at tomorrow's hearing and beyond.

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 Director of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,

B. Dan Berger  
Executive Vice President, Government Affairs

cc: Members of the House Financial Services Committee