



3138 10th Street North
Arlington, VA 22201-2149
P: 703.842.2234
F: 703.522.0594
chunt@nafcu.org

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

National Association of Federal Credit Unions | nafcu.org

February 18, 2016

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Paul Ryan
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: The National Credit Union Administration's Member Business Lending Rule

Dear Leader McConnell, Leader Reid, Speaker Ryan, and Leader Pelosi:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the federal interests of our nation's federally-insured credit unions, I write today to share information and insights about the National Credit Union Administration's (NCUA) recently finalized member business lending (MBL) rule for credit unions, which was approved by a 3-0 vote of the NCUA Board this morning.

This rule eliminates an unnecessarily bureaucratic process currently in place for credit union member business loans that requires credit unions to seek NCUA approval (or a "waiver") for basic and routine lending decisions. NCUA's previous MBL rule was overly complex and seeking a "waiver" can be very time consuming and frustrating to small businesses as it leads to delays in funding.

NCUA's willingness to remove this government "red-tape" serves as a significant form of relief without exposing credit unions, or small businesses, to undue risk. The new rule is a real form of regulatory relief for our nation's small businesses, as it makes their process of obtaining credit easier.

NCUA's MBL rule does not alter the Congressionally-imposed statutory cap on credit union member business lending established in the *Federal Credit Union Act* (FCU Act) as part of the *Credit Union Membership Access Act*. Currently, credit unions have a 12.25% asset cap on their member business lending (MBL), with loans of only \$50,000 or less exempt from this cap. Passed in 1998, these arbitrary thresholds are severely outdated and have not increased with inflation.

NAFCU has long championed relief from the member business lending cap for credit unions. We strongly support legislation to provide relief from the cap, such as the *Credit Union Residential Loan Parity Act* (S. 1440/H.R. 1422), the *Credit Union Small Business Jobs Creation Act* (H.R. 1188), the *Small Business Lending Enhancement Act of 2015* (S. 2028) and legislation to exempt loans made to

our nation's veterans from the cap, H.R. 1133. We hope you will support these important bills to provide relief for credit unions and our nation's small businesses. NAFCU continues to believe that credit unions deserve relief from this outdated and arbitrary cap, and urges additional action from Congress in this regard. We hope you will support these efforts and other efforts to reduce regulatory burden for credit unions.

Thank you for the opportunity to share further information about this rule with you. We hope you will be willing to work with NAFCU on any future legislation that would help ensure that credit unions have viable charters. Should you have any questions or need additional information about the proposal, please feel free to contact me 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
Executive Vice President of Government Affairs & General Counsel

cc: Members of the United States Senate
Members of the United States House of Representatives