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

September 11, 2015

The Honorable Rand Paul, M.D.
United States Senate
Washington, D.C. 20510

The Honorable Sheldon Whitehouse
United States Senate
Washington, D.C. 20510

Re: Support for S. 2028, the *Small Business Lending Enhancement Act of 2015*

Dear Senators Paul and Whitehouse:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write in support of S. 2028, the *Small Business Lending Enhancement Act of 2015*, your recently introduced legislation that would raise the arbitrary credit union member business lending cap to 27.5% of assets, up from 12.25%. This would stimulate the nation's struggling economy by increasing access to credit for small business owners.

As you know, the current outdated and arbitrary cap serves as a deterrent to many credit unions from further enhancing their member business lending programs, as any modicum of success would likely put them up against this arbitrary threshold and effectively penalize them for being successful in aiding small businesses. Additionally, the cap serves as a significant barrier to entry for credit unions interested in establishing a business lending portfolio to respond to the needs of their community.

Your legislation is a viable way to enable credit unions to assist our nation's small businesses with their lending needs. The credit union industry estimates that this legislation will help provide an additional \$13 billion to America's small businesses and create over 140,000 new jobs.

S. 2028 contains important language that puts into place safeguards to address safety and soundness concerns. First, the growth of a credit union's member business lending portfolio would be limited to no more than 30% annually. In addition, a credit union would need five consecutive years of experience in underwriting and servicing member business loans, and meet a series of standards set by NCUA, including a requirement that the prudential regulator deem participating credit unions well-capitalized.

Small businesses are the backbone of our economy. It is critical that the small business community has access to the capital needed to develop, grow and create jobs. Credit unions stand ready to respond to the need of small businesses within their community.

Thank you for your leadership in introducing this legislation to offer our nation's small businesses more resources to help strengthen our economy. If my staff or I can be of assistance, please do not hesitate to contact me or NAFCU's Associate Director of Legislative Affairs, Quincy Enoch, at (703) 842-2261.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs