

Fact Checking the ABA Propaganda...

Spring 2012

Over 500 credit unions are or will be bumping up against the cap in < 3 years.

Talking Points against S. 2231, a Bill to Expand Credit Unions' Business Lending Authority

Senator Mark Udall (D-CO) has member business lending (MBL) 27.5 percent of assets for eligible credit unions. The legislation is intended to bypassing the regular order process on the Senate floor for a vote. A vote on the legislation requires 60 Senate ratifications with Senators and

The banks miss the point. The legislation is purposely focused on allowing credit unions with the most experience to continue to lend.

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Because of the low cap, 2/3 of credit unions (those < \$50M in assets) can't currently justify investment in business lending.

CU lending ↑ 45%
bank lending ↓ 15%
during crisis.

STARVE? Banks control 95% of the market. Even if credit unions doubled lending, banks would still have 90%.

Multiple studies suggest this is not the case.*

Credit unions have been lending to small businesses for over 100 years.

Hearings have been held:
Senate Banking 6/16/11 and
House FSC 10/12/11

1. The legislation would be of no benefit to most credit unions.

- Only 1/2 of one percent of all credit unions would receive any benefit from a change in the law.
- 99.5 percent of the credit union industry has excess business-lending capacity that is not being used today.

The legislation would harm community banks and local lending efforts.

- Community banks are great small business lenders that have stood by customers throughout these difficult economic times. We are helping to expand small business credit as the recovery strengthens and demand returns.
- It would starve community banks of the loans we use to build revenue to support greater lending efforts locally.
- It would contribute to the pressures that are forcing many community banks to re-examine their ability to remain independently viable.
- It would displace lending by tax-paying banks, at a significant cost to taxpayers.

3. The legislation would take credit unions away from their mission.

Credit unions are supposed to focus on serving people of modest means, not making large business loans.

4. Supporters are trying to bypass the regular committee process.

- This is an extremely important issue that requires careful consideration through committee hearings.
- The legislation is very controversial and deserves the Senate's full deliberation, not just a quick vote on the Senate floor.

Please oppose S. 2231 either as a stand-alone bill or as an amendment to other legislation on the Senate floor.

Average CU business loan = \$219,000

This issue is not new and it should not be controversial. Legislation to reform the cap has been introduced in each of the last four Congresses. It is only controversial because the banks don't like it. Everyone else thinks it's a no-brainer.