



DCUC
DEFENSE CREDIT UNION COUNCIL

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Anthony R. Hernandez
President/CEO

March 30, 2020

The Honorable Michael D. Crapo
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod C. Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Removal of Credit Union Member Business Lending Limitations for COVID-19 Response

Dear Chairman Crapo and Ranking Member Brown:

On behalf of America's 181 Defense Credit Unions and over 25 million members, I am writing to urge support a suspension of 12 U.S.C. §1757a. Limitation on member business loans in the Federal Credit Union Act. This suspension would exempt business loans made to credit union members from current business lending caps. As part of our response to the growing economic strain that COVID-19 is causing our country, the Defense Credit Union Council will continue to support Congressional efforts to assist our Nation's working families and business owners.

Credit unions remain committed to helping small businesses succeed and maintain safe liquidity ratios. However, they are prevented from doing so due to an outdated Member Business Lending (MBL) cap. Under the Federal Credit Union Act, a credit union's aggregate MBL is effectively capped at 12.25 percent of assets. Thus, much needed assistance remains sidelined when we could be doing more.

Removal of the cap would help provide additional economic stimulus without costing taxpayers. Prior to this present crisis, this issue already enjoyed bipartisan support in Congress. Additionally, officials at the Treasury Department and the National Credit Union Administration (NCUA) have also expressed prior support for lifting the MBL cap. Finally, in this time of need, many of our members have expressed a strong willingness to lend to small businesses.

America's Credit Unions are uniquely positioned and structured to lead offer this kind of support to the communities where we live, work and play. It is our hope to provide our small businesses access to capital in order to make payroll, pay rent, and order supplies. Doing so sends a clear signal that our nation recognizes their impact in fostering entrepreneurship successfully building our economy.

If there is anything more we can do to encourage other Members of Congress to support this suspension, please let us know. My office can be reached at (202) 734-5007 or at ahernandez@dcuc.org.

Sincerely,

Anthony R. Hernandez