

April 22, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

The undersigned state bankers associations, representing banks of all sizes in every state, support broad-based solutions that address the many challenges faced as our communities confront COVID-19. We do, however, look with great concern at ideas that are not in that spirit. We write to urge Congress to reject opportunistic and unnecessary requests for credit union charter enhancements in the midst of a pandemic, including calls for expansion of the Member Business Loan cap.

This issue is entirely unrelated to the current crisis. While credit unions are subject to statutory asset caps on business lending, government guaranteed loans, such as crisis-specific programs like the SBA Paycheck Protection Program (PPP), do not count against the cap. This provides credit unions with ample *current* authority to engage in these government programs that serve their communities. Moreover, as government supports draw down, credit unions are likewise not limited in their ability to serve their communities. Currently only 30 credit unions subject to the cap are at risk of hitting it; that is just *five-tenths of one percent of the industry* as a whole. Thus, *greater than ninety-nine percent of credit unions nationwide will not be impeded* by the cap in meeting the needs of a robust economic recovery.

Regulatory and statutory changes that have occurred over the last four years likewise make additional changes to the business-lending cap unnecessary. The National Credit Union Administration finalized a rule in 2016 that allowed credit unions to manage the cap by buying and selling parts of loans—participations—to one another. Two years later, the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155) exempted certain types of rental property from the cap. “Taken together,” the largest credit union trade association [boasted in an op-ed](#), “we can officially declare *final victory* on the system’s 20-year battle to restore credit union business authority. Indeed, *these two changes will provide more cap space than we had been seeking* in the old Royce-Udall legislation that aimed to raise the cap to 27.5%.” (Emphasis added).

Credit unions have the tools they need to serve their membership during this time. We are proud of the joint work banks and credit unions have done together during this crisis, and both industries appreciate the important role we all play to keep liquidity flowing to communities. However, efforts to increase credit union powers in the name of a crisis, including increases to the Member Business Loan limit, are disappointing and distract from important policy priorities that are actually needed to support our small businesses.

Sincerely,

Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association

Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

cc: Members of the United States House of Representatives