



November 29, 2010

Dear Member:

Along with this letter please find a new advertisement, signed by a number of groups from across the political spectrum, supporting an easing of the current cap that Congress places on member business lending by credit unions. As conservatives and libertarians, we strongly commend it to your attention. As you may know, current regulations limit credit unions to lending 12.25 percent of total assets to businesses. Legislation currently pending before Congress would raise this cap to 27.5 percent of assets. Here are three major things you should know about the cap:

- ***It will have no cost to taxpayers.*** Rather than subsidizing private business, the regulatory change would simply unleash free enterprise by eliminating away burdensome regulations.
- ***It would help the economy.*** Right now, many businesses—particularly small ones—have a very hard time getting the credit they need. More sources for loans will help more places find loans.
- ***Credit unions have continued to lend even when banks have cut back.*** Credit union business lending, indeed, was the only major category of lending that grew during the severe recession year of 2008. This happened because credit union members wanted more loans. With more ability to lend, credit unions will lend more and increase the amount of capital in the economy.

In short, the current member business lending cap is not a good public policy. Legislation that would change it deserves consideration.

Yours truly,

Eli Lehrer
National Director
Center on Finance, Insurance and Real Estate
The Heartland Institute

John Berlau

Director
Center for Investors and Entrepreneurs
The Competitive Enterprise Institute

Kelly Cobb
Government Affairs Manager
Americans for Tax Reform