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April 16, 2020

The Honorable Suzanne Bonamici
2231 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Deb Haaland
1237 Longworth House Office Building
Washington, D.C. 20515

The Honorable Don Young
2314 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives:

On behalf of community banks across the country, with more than 52,000 locations, I write today to express our strong concerns with a recent Dear Colleague letter authored by you titled *Support Access to Small Business Lending -- Join Bipartisan Effort to Provide Credit Unions Relief to Serve Communities*. Credit union trade organizations have been attempting to raise statutory business lending cap protections for tax-exempt credit unions since they were initially set by the Congress in 1998.

The Dear Colleague fails to mention that the current COVID-19 response vehicle to the pandemic, the Paycheck Protection Program (PPP) authorized by the recently enacted CARES Act, already exempts PPP loans from the member business lending cap due to their 100 percent guaranteed by the federal government¹. This leads the tax-paying community banking sector to believe that this is just another cynical ploy by very few, large credit unions and their trade organizations to use the current pandemic to expand their powers by skirting existing safeguards.

¹ <https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/small-business-administration-loan-programs-help-small-businesses-and-members-during>

The Nation's Voice for Community Banks.®

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Today, credit unions enjoy a number of generous exemptions to the definition of “member business loans” that count toward the MBL cap. These exemptions include a full exemption for loans extended by low-income credit unions, any loan under \$50,000, any portion of loans guaranteed by the government, loan participations purchased from other credit unions, and any loan secured by a single one-to-four family residential property. These exemptions already significantly dilute the original purpose of the MBL cap, which is to ensure that credit unions remain focused on consumer loans. We strongly oppose any expansion of these exemptions.

An increase in the MBL cap would provide overwhelming benefit to the largest, most aggressive, and growth-obsessed credit unions. Furthermore, it would harm smaller credit unions that are more interested in adhering to their original purpose of serving borrowers with modest means with a common bond. These smaller credit unions are also concerned that increased business lending poses increased risk to the National Credit Union Share Insurance Fund (NCUSIF).

Congress should focus on allocating additional funds to the Paycheck Protection Program in order to serve small businesses and their employees. Community banks are doing their part through this program and we urge credit unions to do the same.

Sincerely,
Rebeca Romero Rainey
President & CEO

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