



FOR THE RECORD

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Credit unions are ready to step in where banks have refused or reduced business credit

Although a number of Wisconsin's so-proclaimed healthiest and largest banks benefited from billions of taxpayer's dollars in TARP funds aimed at increasing lending to businesses, business representatives told a Congressional Oversight Panel at an April meeting in Milwaukee that they've been unable to access needed credit. In response, credit unions are urging businesses to contact them because credit unions:

■ **Have billions to lend.** Credit unions are financially strong and ready to make loans using the same sound criteria they've always used. They haven't "tightened screws" on creditworthy borrowers. By year end 2008, loans at Wisconsin credit unions had already increased \$1.4 billion to \$14.7 billion – reflecting some of the largest growth in loans among credit unions in the United States.

■ **Have made business loans since their inception.** Many credit unions first formed around members operating these enterprises so they're experienced and understand what businesses need.

■ **Make loans banks deem too "unprofitable."** Banks' priority is profit-making for shareholders. Not-for-profit credit unions have no shareholders, just member-owners who can turn to their cooperative for help. And because credit unions' priority is on people, not profits, they're not competing with banks for the same loans. In fact, credit unions' average business loan is \$139,746 – an amount banks may consider a pittance but for business owners is critical funding. In fact, a U.S. Treasury study found that nearly half of credit unions' member business loans go to households with incomes less than \$50,000.

■ **Go out of their way to accommodate members.** For business borrowers, this has included accepting unusual collateral including taxicab medallions, crops and farm equipment. Credit unions also offer many free services – such as assistance to understand and manage costs – to help entrepreneurs tighten their belts during tough times or improve operations.

Hoarding taxpayer funded capital helps banks' bottom line but not consumers

Kurt Bauer of the Wisconsin Bankers Association said to the press in November 2008 that "healthy" banks taking taxpayer-provided TARP funds were "taking advantage of below-market cost of capital that is being offered by the government....This is something that may not fit with every bank's growth plans, but it clearly does for some."

It's time to lift the arbitrary cap on credit unions' business loans and get Wisconsin growing again!

Credit unions are seeking federal legislation to lift an arbitrary cap on business lending – a move that could inject as much as \$10 billion into the national economy in the first year alone without costing taxpayers a dime and without expanding government. If the cap is lifted, credit unions will be able to help more creditworthy borrowers – many of whom are viable businesses that, because they have been denied by banks, have nowhere else to turn.

For additional information, please contact:

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