The Wisconsin Credit Union League
One League, One Focus - Your Success!

July 2010

FOR THE RECORD

Corporate Office: N25W23131 Paul Road, Suite 500, Pewaukee, WI 53072-5779
Credit Union House: 1 East Main St., Suite 101, Madison, WI 53703-5109

Credit unions ready, willing and able to spur job creation in Wisconsin – at no cost to taxpayers!

Wisconsin's economy could get a huge boost from credit unions – all ***at no cost to taxpayers and without increasing the size of government***. An amendment (SA 4443) to a federal bill that aims to make more business credit available – in part by handing out tens of billions more to the nation's for profit banks – would also raise the current cap on credit unions' member business lending from 12.25% of assets to 27.5% of assets.

The concept of the amendment – proposed by U.S. Senator Mark Udall – is simple, sensible and needed. It would permit continued business lending by only well managed credit unions that have the capacity to lend to lend to their small business-owning members. This will enable credit unions to help more creditworthy borrowers – many of whom have nowhere else to turn in light of tighter lending restrictions by banks.

The need for more business loans is dire

The Wall Street Journal reported in March that bank lending has declined at the sharpest rate since 1942. Credit unions have filled this void for credit, increasing their business lending by 11% from March 2009 to March 2010 while Wisconsin banks saw a 19% decrease over that same period. But credit unions could do more if Congress raises the cap!

It's the right thing to do, because credit unions' business loans:

■**Can boost the state economy.** Raising the cap will make $389 million of new credit available for Wisconsin businesses and add 4,229 jobs in Wisconsin in the first year alone. Nationally, credit unions could offer $11 billion in new credit in the first year, creating 123,000 new jobs.

■**Extend credit unions' long history of well-managed loans.** Wisconsin credit unions have been making safe business loans for 80 years. The very first credit union chartered in Wisconsin made business loans right from the start.

■**Are safe.** As of March 2010 the delinquency rate for Wisconsin credit union business loans was 2.23% compared to banks' 2.77%. Credit unions' loss rate – at 0.43% – was 30% lower than that of state banks. Federal regulators support increasing credit union business lending.

■**Benefit average citizens.** The average business loan at a Wisconsin credit union is just $174,772, and more than half of credit unions' business loans go to households with incomes below $50,000.

■**Meet modest credit needs shunned by banks.** Because credit unions have no outside investors and are owned by members – whose needs they aim to meet regardless of profit – credit unions are willing to grant smaller loans that other lenders deem "unprofitable."

Widespread support for more CU business lending

Sen. Udall's amendment mirrors legislative language sent to federal lawmakers by the U.S. Treasury earlier this year, and is backed by the Obama administration. Other supporting groups include Americans for Tax Reform, Competitive Enterprise Institute, Ford Motor Minority Dealer Association, League of United Latin American Citizens, Manufactured Housing Institute, National Association of Mortgage Brokers, National Cooperative Business Association, National Cooperative Grocers Association, National Farmers Union, National Small Business Association, NCB Capital Impact, National Association of Professional Insurance Agents, National Association for the Self-Employed, National Association of Manufacturers and the National Council of Textile Organizations.

For additional information, please contact:
Tom Liebe, Vice President of Government Affairs • The Wisconsin Credit Union League
(262) 408-6016 • (800) 242-0833, Ext. 6016 • tliebe@theleague.coop • www.theleague.coop