



Consumer Federation of America

May 16, 2013

The Honorable Mark Udall
730 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Udall:

I am writing on behalf of the Consumer Federation of America to express strong support for the Small Business Lending Enhancement Act. This bill would benefit consumers both by promoting competition and innovation in local marketplaces and by strengthening credit unions.

Passing the bill would be particularly beneficial at this time. Small businesses, typically those providing local services, play an essential role in enhancing competition and innovation in local markets. But according to research from sources including the Pepperdine Capital Markets Project and the American Sustainability Business Council, many small business owners are having difficulty obtaining financing. If credit unions had greater opportunities to make these loans, they would likely expand access to affordable credit for small businesses and help strengthen local marketplaces that serve consumers well. Moreover, to the extent new jobs were created, some consumers would gain additional income.

Credit unions are especially deserving of this opportunity. They have a strong record of serving consumers and communities, especially moderate-income areas that have been particularly hard-hit by the recession. They have had much past success in providing low-cost, sustainable credit to consumers and small businesses. A study conducted by the Department of the Treasury in 2001 found that a quarter of credit union small business loans went to households with less than \$30,000 in annual income, while another 20 percent went to families with incomes between \$30,000 and \$50,000. If given greater small business lending opportunities, they will be able to invest in loans that likely will increase credit union earnings, capital contributions, and overall safety and soundness, directly benefitting all credit union members.

After studying diverse sources of information, we have concluded that passage of the Small Business Lending Enhancement Act would benefit consumers. We urge you to support this legislation.

Sincerely,

Stephen Brobeck
Executive Director