

Johnson Opening Statement on Credit Union Member Business Lending Hearing

WASHINGTON – Today, Senate Banking Committee Chairman Tim Johnson (D-SD) held a hearing entitled “Credit Unions: Member Business Lending.”

Below is Chairman Johnson’s statement as prepared for delivery:

“I want to welcome and thank our witnesses for being here today to testify on the issue of credit union member business lending.

“Under the Federal Credit Union Act, credit unions are limited in the amount of business lending they are permitted to engage in. The aggregate amount of member business loans made by a credit union is restricted to the lesser of 1.75 times the credit union’s net worth, or 12.25% of the credit union’s total assets. The member business lending cap was put in place in 1998 with the passage by Congress of the Credit Union Membership Access Act.

“Since that time, the credit union industry has advocated for a removal of, or increase in, the business lending cap. Senator Mark Udall has introduced legislation that would raise the cap to 27.5% of total assets.

“There is a wide range of views on this matter, especially as Congress considers proposals to speed the economic recovery.

“I think that it is important that we take the time to examine this issue here in Committee, and provide the opportunity for all sides to fully express their views on the subject.”