

# Business

## Credit union chief: Ready and willing to increase lending

◆ **\$100 million:** St. Mary's Bank president will ask Congress to double lending ratio limit to 25 percent.

By DENIS PAISTE  
New Hampshire Union Leader

MANCHESTER — With a little help, St. Mary's Bank, the nation's oldest credit union, can free up \$100 million of its own assets for small business lending.

That's the message St. Mary's President Ron Covey will bring to Congress Thursday. All its takes is for Congress to raise the cap on credit unions' ratio of loans to assets from 12.25 percent to 25 percent, he said.

Nationally, the change would free up \$10 billion that credit unions already have on their books, according to Daniel F. Egan Jr., president of the New Hampshire Credit Union League.

"The Small Business Administration has estimated that type of lending would produce 108,000 new jobs nationwide," Egan said.

The credit unions say they are not seeking any new federal funds.

"We're very well capitalized. We really don't need

any government assistance," Covey said. "We just need the ability to do it."

Covey said yesterday afternoon he'll testify before a joint hearing of the Committee on Financial Services and the Committee on Small Business to support H.R. 3380, the Promoting Lending to America's Small Businesses Act.

An companion bill has been introduced in the Senate, as S. 2919, The Small Businesses Lending Enhancement Act.

"On the House side, there are 56 co-sponsors for that bill, Egan said.

Covey said he was disappointed the proposal President Obama outlined in Nashua last week to tap \$30 billion in TARP funds to help community banks increase small business lending, didn't include any incentives for credit unions, Covey said.

The bill would also lift the threshold for what's considered a business loan from more than \$50,000 to more than \$250,000.

Egan, who also represents credit unions in Massachusetts and Rhode Island but is based in Concord, said, "We would hope that both Sen. Gregg and



RON COVEY

Sen. Shaheen would join the Senate bill, and we would have both our congressmen, Shea Porter and Hodes, join on the House bill."

Asked about concerns over increasing the bank's risk, Covey said, "Loans are riskier than having our money in T-bills, but we're in business to lend back out to the community and keep the community economic viability going also.

"So, it's all part of that circle of life, if you will," he said.

"By lending to the businesses and seeing them hire, that creates new money that can be deposited by the workers," Covey said. "Jobs continue, business expands and it creates more jobs, more economic viability. Consumers have more disposable income to purchase goods and services that they need."

The credit unions expect some opposition from traditional banks. But, Covey said, "I think there is a big enough demand out there for business loans that whether you're a credit union or a bank or any other type of financial institution, that there's a need."

Covey said St. Mary's was the seventh largest SBA-backed lender in the state from August 2008 to August 2009.

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