

July 28, 2010

Dear Senator:

The Consumer Bankers Association (CBA) urges you to support the Small Business Lending Bill (H.R. 5297). The Senate is scheduled to continue consideration of the bill this week. CBA believes many provisions of the bill will help jump-start small business lending.

Last week, the Senate passed a procedural measure on H.R. 5297 to allow the Small Business Lending Fund provision to be included in the legislation. While the fund was removed from the original bill, it was again offered as a separate amendment by Senators Mary Landrieu (D-LA) and George LeMieux (R-FL).

Also, a substitute amendment offered by Senator Landrieu and Senator Max Baucus (D-MT) contains several CBA supported provisions including a measure to increase 7(a) loan limits from \$2 million to \$5 million, 504 loan limits from \$1.5 million to \$5.5 million, micro loan limits from \$35,000 to \$50,000, 7(a) Express Loans from \$300,000 to \$1 million, and government guarantees on 7(a) loans from 75 percent to 90 percent, as well as eliminating borrower fees on 7(a) and 504 loans through December 31, 2010.

CBA strongly supports these efforts to spur greater lending to small businesses and we urge you to support these measures as well.

However, currently the bill only allows participation in the lending fund for banks with assets of \$10 billion and below. As we have advocated in the past, CBA believes the \$10 billion asset-size limit on participation puts the program out of the reach of 'larger' small businesses – those with as many as 500 employees – because a \$10 billion bank cannot typically meet their credit needs. Increasing the ceiling on participating banks to \$25 billion would allow about two dozen more banks to participate and enable more small businesses to add jobs.

While CBA supports efforts to increase small business lending, we adamantly oppose counterproductive additions such as increasing the lending caps of tax-subsidized credit unions.

With only an extremely small percentage of the nation's credit unions at or even close to the current statutory cap, increasing lending limits for credit unions would only succeed in giving large credit unions an unfair advantage over banks, with small community-based institutions among those most dramatically affected.

Thank you for your consideration.

Sincerely,

Richard Hunt
President