

# Small Business Access to Credit Coalition

October 28, 2009

Dear Member of Congress:

Access to credit has become a top issue for small businesses today. The failure to completely unfreeze credit markets for small businesses is slowing the recovery efforts and stalling the significant job creation potential of small business entrepreneurs.

To address this problem, the undersigned respectfully request the following:

First, we urge your support for appropriations to extend the Small Business Administration (SBA) loan guaranty provisions of the America Recovery and Reinvestment Act (ARRA) through Fiscal Year 2010. These stimulus provisions are essential as our nation's credit-worthy entrepreneurs continue to search for needed capital while the economy begins to recover. SBA estimates that \$479 million in appropriations are needed to fund the extension of the higher guaranty percentages and waiver of borrower fees for the balance of this fiscal year.

The ARRA stimulus provisions have made a difference, but more time is required. Lenders are returning to the SBA program and providing loans of all sizes to the nation's small businesses – and this momentum must continue until the economy is completely into recovery. During September 2009, SBA 7(a) loans totaled \$1.18 billion or a 141% increase over the pre-ARRA February 2009 volume of \$0.49 billion. Small businesses need access to capital more than ever for working capital, inventory, expansion, real estate and ultimately new job creation.

Second, we urge your support for an increase in the maximum loan size and the maximum guaranteed portion of SBA loans. Senator Landrieu and Senator Snowe, the Chair and Ranking Member of the Senate Small Business Committee have both introduced legislation (S. 1832 and S. 1615) that would increase the maximum SBA loan size from \$2 million to \$5 million. Their legislation would also have a commensurate increase in the statutory maximum guaranteed portion. These are levels supported by the Administration and we urge your support as well.

The House version (H.R. 3854) should be improved to increase the loan limits to at least \$5 million and provide an increase in the statutory maximum guarantee amount. The current House version helps advance the principal goals of the Administration's announcement, but some improvements should be made as the bill moves through the legislative process.

Specifically, H.R. 3854 raises the maximum loan size from \$2 million to \$3 million, rather than \$5 million, and does not include a commensurate increase in the statutory maximum guaranteed portion. There are many small businesses who could take advantage of a \$5 million loan size to expand and create new jobs and a commensurate increase in the statutory maximum guaranteed portion will help ensure that lenders are willing to participate.

Small businesses are the foundation of our economy, and they can create hundreds of thousands of new jobs if they have access to reasonably priced credit. We urge your timely support of these critical provisions.

Respectfully,

American Apparel & Footwear Association  
American Foundry Society  
American Hotel & Lodging Association  
American International Automobile Dealers Association  
American Nursery & Landscape Association  
Associated Builders & Contractors  
Associated General Contractors  
Automotive Aftermarket Industry Association  
Heating, Airconditioning & Refrigeration Distributors International  
International Council of Shopping Centers  
International Franchise Association  
Kitchen Cabinet Manufacturers Association  
Marine Retailers Association of America  
Motor & Equipment Manufacturers Association  
National Club Association  
National Restaurant Association  
National Association of Convenience Stores  
National Association of Manufacturers  
National Automobile Dealers Association  
National Council of Chain Restaurants  
National Council of Textile Organizations  
National Marine Manufacturers Association  
National Ready Mixed Concrete Association  
National Small Business Association  
Printing Industries of America  
SPI: The Plastics Industry Trade Association  
The Hosiery Association  
Tree Care Industry Association  
United States Hispanic Chamber of Commerce