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Washington, DC 20036

1-800-BANKERS
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Memo

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December 15, 2009

To: Members of the Senate Small Business and Entrepreneurship Committee
From: Floyd Stoner, Executive Vice President, Congressional Relations & Public Policy
Re: Support for S. 2869, the Small Business Job Creation Access to Capital Act of 2009

I am writing to you on behalf of the members of the American Bankers Association (ABA) to express our support for S. 2869, the Small Business Job Creation and Access to Capital Act of 2009, scheduled for consideration in Committee on Thursday, December 17, 2009. This legislation is designed to maximize and improve Small Business Administration (SBA) loan programs and to provide much-needed capital to our nation's small businesses.

The SBA loan programs serve as a vital source of capital for small businesses and communities throughout the country. The agency's popular 7(a) loan program and the 504 program have served as key ingredients in the success of America's small businesses and have been important tools for rebuilding our economy and creating jobs. S. 2869 provides the authority to increase capital in these programs, making them cost efficient for lenders and borrowers.

Specifically, we support the provision that calls for an increase in the loan limit on 7(a) loans from \$2 million to \$5 million. This increase in lending authority will allow banks to serve a wide segment of small businesses, many of which have been shut out of the 7(a) program due to the loan limit restriction. This increase, coupled with the temporary extension of the guarantee to 90 percent through December 31, 2010, and an elimination of fees, will provide the economy and small businesses with a much needed boost in capital availability.

In addition, the legislation makes needed improvements to the 504 loan program by increasing the loan limit from \$1.5 million to \$5.5 million and allowing the 504 loan program to refinance short-term commercial real estate debt into long-term, fixed-rate loans. This provision complements the provisions approved in the Recovery Act that were designed to give small businesses flexibility while the economy improves.

ABA would like to commend Chairman Mary Landrieu (D-LA) and Ranking Member Olympia Snowe (R-ME) for introducing this bipartisan legislation, which will provide much needed capital to small businesses. We urge Members of the Committee to support S. 2869 when it comes up for consideration.