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February 3, 2010

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

The American Bankers Association appreciates yesterday's announcement of the new Small Business Lending Fund. We are hopeful that the program can be designed to attract interest among banks that have opportunities to increase their small business lending in a responsible way.

The Administration is right to recognize the need to separate this program from the Troubled Assets Relief Program (TARP). Hundreds of banks that had never made a subprime loan or had anything to do with Wall Street problems took TARP capital at the encouragement of their regulators even though they did not need it. Then, within weeks they were demonized and subject to after-the-fact restrictions. Banks will not want to be burned again by the TARP stigma or by rules that the government can change after a contract has been signed.

Another factor that will be key to the program's success will be the criteria applied to determine which banks are eligible to participate. To be successful, the program must be available to banks that need capital and not just to those banks that don't need it. Capital is not readily available for many well managed community banks that are struggling to work through the current economic downturn. However, these banks would be viable with a comparatively small investment by the government. Past initiatives have left this group of banks on the sidelines and, in many cases, have made it more difficult for them to attract private capital. It is crucial for the communities that these banks serve that the program help these banks bridge the gap until conditions improve. It is equally crucial that the regulators have a clear direction to consider the viability of applicants on a post-investment basis.

We look forward to working with the Administration, Congress, and the bank regulators on this program and we stand ready to provide whatever assistance you would find helpful.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward L. Yingling', written in a cursive style.

Edward L. Yingling

cc: The Honorable Timothy F. Geithner
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Room 3330
Washington, DC 20220

The Honorable Karen Mills
Administrator
Small Business Administration
409 3rd Street, SW
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The Honorable Sheila Bair
Chairman
Federal Deposit Insurance Corporation
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The Honorable Ben Bernanke
Chairman
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The Honorable John C. Dugan
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Washington, DC 20219

Mr. John Bowman
Acting Director
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