



May 7, 2018

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Ryan and Minority Leader Pelosi:

The Consumer Bankers Association (CBA) supports H.R. 4743, the Small Business 7(a) Lending Oversight Reform Act of 2018 and applauds the bipartisan effort that was undertaken by the Small Business Committee. H.R. 4743 will provide qualified small business owners access to capital needed to grow their businesses and local economies. Of the 100 most active Small Business Administration (SBA) 7(a) lenders, CBA members make the majority of the total number of 7(a) loans.¹ Our members operate in all 50 states, serve more than 150 million Americans, and collectively hold two-thirds of the country's total depository assets.

The 7(a) Loan Program is a vital source of capital for thousands of small businesses unable to secure financing through traditional lending. The demand for these loans has grown substantially, with the dollar amount of gross loans approved nearly doubling since 2012. CBA appreciates the need for enhanced Congressional oversight of these important SBA programs to provide continued collaboration with private sector financial institutions who together meet the lending needs of America's small businesses.

CBA applauds the inclusion of the provision authorizing the SBA Administrator to increase the 7(a) Loan Program's maximum lending authority during periods of high demand. The certainty of available capital for the 7(a) loan program helps assure lenders they will be able to meet needs of their small business customers.

H.R. 4743 will strengthen the Office of Credit Risk Management (OCRM) within the SBA by establishing a more effective supervision of 7(a) lenders. CBA is encouraged by the provisions which revises the 7(a) lender review process, specifically those requiring an OCRM employee to supervise a review and for the results to be made available to a lender in a timely manner. The bill also provides needed clarity for factors considered in the SBA's Credit Elsewhere Test to ensure lenders are in compliance with the program. In addition, we are pleased lenders will be allowed to appeal enforcement actions to the SBA directly for timely dispute resolutions. It is our hope that these changes will help promote a stronger partnership between lenders and the SBA.

CBA supports the establishment, in statute, of the Lender Oversight Committee within the SBA to oversee the program and the actions of the OCRM Director, and for permitting individuals outside of the agency to serve on the committee in an advisory capacity. Additionally, by requiring the OCRM Director to perform and submit to Congress an annual risk analysis of the

¹ Office of Capital Access, "100 most active SBA 7(a) lenders," *Small Business Administration*, December 31, 2017, <https://www.sba.gov/article/2017/oct/01/100-most-active-sba-7a-lenders>

program, this bill will help provide greater insight into the administration and performance of the program.

We greatly appreciate this thoughtful and bipartisan approach to ensuring the continued success of the SBA 7(a) Loan Program. CBA supports passage of H.R. 4743 and encourages Members to vote in favor of this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Richard Hunt". The signature is written in black ink and is positioned above the printed name.

Richard Hunt
President and CEO
Consumer Bankers Association