



January 17, 2018

The Honorable Steve Chabot
Chairman
Committee on Small Business
U.S. House of Representatives
2371 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Nydia M. Velazquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
2302 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Chabot and Ranking Member Velazquez:

On behalf of the Consumer Bankers Association (CBA), I would like to express support for H.R. 4743, the Small Business 7(a) Lending Oversight Reform Act of 2018, that would ensure qualified borrowers have access to the capital needed to grow their businesses. 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 borrower demand for their small business customers.

H.R. 4743 would 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 revise 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 provides needed clarity for the factors considered in the SBA's Credit Elsewhere Test. In addition, CBA applauds the inclusion of language that will allow lenders the option to appeal enforcement actions to the SBA directly. 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

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>

requiring the OCRM Director to perform and submit to Congress an annual risk analysis of the program, this bill will help provide greater insight into the performance and administration of the program.

We greatly appreciate this thoughtful approach to ensuring the continued success of the SBA 7(a) Loan Program and look forward to working with members of the Committee and Congress to see its passage.

Sincerely,

A handwritten signature in black ink that reads "Richard Hunt". The signature is written in a cursive style with a large, prominent "R" and "H".

Richard Hunt
President and CEO
Consumer Bankers Association