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November 21, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles E. Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of community banks across the country, with more than 52,000 locations, I write to urge your support in avoiding an abrupt shutdown of the Small Business Administration's (SBA's) 7(a) guaranteed lending program on November 21, 2019 by adopting an appropriation to support program funding as part of any continuing resolution. This is the recommendation of the White House to prevent a disruption in vital credit to thousands of small businesses.

Community banks are prolific small business lenders and heavy users of the 7(a) program. Community banks make up the majority of SBA lenders and are responsible for nearly 50 percent of all small business loans.

The 7(a) program is normally funded by user fees. However, program funding is determined by a federal credit subsidy rate estimate which we and other industry participants believe overestimates the expected default rate in fiscal year 2020. For this reason, we fully expect that any appropriated funds will be returned to the Treasury. The subsidy rate needs to be adjusted to more accurately forecast the default rate.

In the meantime, it is imperative that you approve an appropriation and ensure it is in any Continuing Resolution as needed to prevent an abrupt cut off of credit to thousands of small businesses that rely on this program for working capital, investment, and expansion. Loss of 7(a) lending will needlessly disrupt the economic expansion generated from small businesses and lead to job losses.

The Nation's Voice for Community Banks.®

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Congress should act with all due haste to approve an appropriation that will preserve small business funding and employment before the end of the fiscal year.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Senate Appropriations Committee Chairman Richard Shelby
Senate Appropriations Ranking Member Patrick Leahy
Senate Appropriations Subcommittee on Financial Services &
General Government Chairman John Kennedy
Senate Appropriations Subcommittee on Financial Services &
General Government Ranking Member Christopher Coons
Committee on Small Business & Entrepreneurship Chairman Marco Rubio
Committee on Small Business & Entrepreneurship Ranking Member Ben Cardin

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