

February 23, 2022

Honorable Ben Cardin  
Chairman  
Senate Small Business and Entrepreneurship Committee  
428A Russell Senate Office Building  
Washington, DC 20515

Honorable Rand Paul  
Ranking Member  
Senate Small Business and Entrepreneurship Committee  
428A Russell Senate Office Building  
Washington, DC 20515

Honorable Nydia Velázquez  
Chairwoman  
House Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515

Honorable Blaine Luetkemeyer  
Ranking Member  
House Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515

Honorable Chris Van Hollen  
Chairman  
Senate Subcommittee on Financial Services and General  
Government  
S-128, The Capitol  
Washington, DC 20515

Honorable Cindy Hyde-Smith  
Ranking Member  
Senate Subcommittee on Financial Services and General  
Government  
S-128, The Capitol  
Washington, DC 20515

Honorable Mike Quigley  
Chairman  
House Subcommittee on Financial Services and General  
Government  
H-307, The Capitol  
Washington, DC 20515

Honorable Steve Womack  
Ranking Member  
House Subcommittee on Financial Services and General  
Government  
H-307, The Capitol  
Washington, DC 20515

Dear Chair and Ranking Members of the Committees on Small Business and Subcommittees on Financial Services and General Government:

As Small Business Administration (SBA) lending partners, we write to bring attention to a critical issue facing the SBA's premier economic development program, the 504/CDC loan program. This program has supported economic development in local communities through job creation and public policy and community development goals for over six decades. And in the years since the financial crisis, the program has paid for itself through fees and operated at no cost to taxpayers. However, this important program faces a quarter-long shutdown if Congress does not act.

Our members rose to the unprecedented challenge brought on by the COVID-19 pandemic to deliver emergency programming like the Paycheck Protection Program (PPP) to desperate small businesses. At this point, SBA's emergency programs have largely sunset, but the exposure of the Agency, and the continued need for affordable capital, have meant that demand for SBA's core lending programs have not dissipated.

In fact, the 504 program – with its fixed interest rate and terms of up to 25 years – continues to be a lifeline for small businesses nationwide and for the first time in recent memory, the program reached its congressionally authorized cap of \$7.5 billion on September 7, 2021. The SBA was unable to approve new 504 loans until the program's authorization level reset on October 1, 2021. This three-week shutdown of the program caused a host of issues for small business borrowers, including the loss of emergency era fee waivers, loss of real estate, and endangered escrow.

The program faces the same issue this year, but with a more devastating impact. The pace of small business demand for the 504 program indicates the program would reach a \$7.5 billion authorization level at some point in early summer, likely June. Absent congressional action, the program would be unavailable to small businesses for an entire quarter of the fiscal year, which would be debilitating to small businesses trying to recover and cause irreparable harm to the reputation of the 504 program.

As Congress works together on a funding bill for the remainder of FY 2022, we implore you to increase the authorization level for the 504 program to ensure its availability for small business borrowers, prevent a run on the program, and allow small businesses to make loan modifications in future years.

We appreciate your consideration and the hard work you do daily to support the nation's job creators, and look forward to continue working with you on access to capital issues.

Sincerely,

National Association of Development Companies (NADCO)  
Independent Community Bankers of America (ICBA)  
American Bankers Association (ABA)