

7(a) program. We are eager to work with you to accomplish this goal. By giving entrepreneurs access to affordable capital, we can ensure that they can continue to serve as the catalyst for our Nation's economy.

Sincerely,

National Small Business Association.
National Black Chamber of Commerce.
National Association of Convenience Stores.
National Association for the Self-Employed.
Associated Equipment Distributors.
Aeronautical Repair Station Association.
American Society of Travel Agents.
Independent Office Products & Furniture Dealers Association.
Silver Users Association.
Small Business Majority.
National Procurement Council.
United Motorcoach Association.
Office Furniture Dealers Alliance.
U.S. Women's Chamber of Commerce.
American Bus Association.
National Ready Mixed Concrete Association.
National Propane Gas Association.
Women Impacting Public Policy.
American Subcontractors Association.
National Dental Association.
National Office Products Alliance.
American Hotel and Lodging Association.

Mr. WOLF. Mr. Speaker, reclaiming my time, the record just has to show, again, SBA guaranteed 88,912 loans in fiscal year 2005, an increase of 22 percent over the previous year.

Mr. Speaker, let me stipulate that I know the gentlewoman is a strong supporter of small business. But where will you take the money from? Will you take it from NSF, education, National Science Foundation, will you take it from math, will you take it from science, or would you just take it from the air?

We just cannot take things from the air, and the end result is we will cut embassy security.

Ms. VELAZQUEZ. Mr. Speaker, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from New York.

Ms. VELAZQUEZ. Mr. Speaker, if the gentleman from Virginia (Mr. WOLF) will invite me to be a conferee, I will work with you.

Mr. WOLF. Mr. Speaker, reclaiming my time, I work with your ranking member. We are good friends. Ask the gentleman from West Virginia (Mr. MOLLOHAN) if we have been fair. The next time you see him, ask him.

The next time you see him, ask him; and ask him if the two ought to meet. We would not be able to deal with this issue. We would have to cut FBI, embassy security, NSF, NASA, NIST, NOAA. That is where we would get it from, and we would get it to give it to the bankers.

[From the Business Courier, May 27, 2005]

STABLE FUNDING TURNS BANKS ON TO SBA LENDING

(By Steve Watkins)

The news is getting better for small businesses looking for financing.

The Small Business Administration's federal funding is on more stable footing this year than it was last year. That gives lenders more confidence in making SBA loans, said Michael Shepherd, Fifth Third Bancorp's SBA national manager.

"We're not afraid the program will be pulled out from under us," Shepherd said. "Borrowers are in a much better position than they have been in the past."

That's good news for small-business borrowers, who are reaping the benefits of more activity. Fifth Third's SBA loan volume is up 20 percent to 25 percent so far this year compared with last year, Shepherd said.

National City Bank's entry into the market should heat up the SBA loan business. National City was the top SBA lender in both Ohio and Kentucky for the third straight year in the SBA's 2004 fiscal year ending in September.

National City Corp. bought Cincinnati-based Provident Financial Group Inc. in July 2004, marking its first entry to the local retail banking market. Small business has been a big push.

"Mike Price (CEO of National City's Greater Cincinnati market) started the small-business program at National City some seven years ago," said Joe Chasteen, National City's area manager of small business banking for Cincinnati and Northern Kentucky.

National City already has boosted its local small-business banking unit by 50 percent, to 12 bankers, since July, Chasteen said.

U.S. Bank, PNC, Bank One, Huntington Bank and KeyBank also play a big role in making SBA loans.

"It's always a competitive market," Shepherd said.

[From the Chicago Tribune, Dec. 27, 2004]

SBA PROGRAM LOOKS SOUND

(By Rob Kaiser)

Holiday magic isn't the likely reason the U.S. Small Business Administration and its numerous critics appear in harmony for the first time in years.

A more likely explanation is the \$16 billion stocking stuffer for the SBA's flagship 7(a) loan program, which will likely keep it from suffering short-falls in 2005 that drew the ire of banks and small-business owners this year.

"The risk of a cap or a shutdown is basically nil," said Tony Wilkinson, president of the National Association of Government Guaranteed Lenders and a frequent SBA critic.

Such an outlook is a vast improvement from recent years, when frequent loan limits and speculation about shutdowns sent bankers scurrying to submit loan applications and left many business owners in limbo—often with unpaid bills—when expected loans suddenly evaporated.

To achieve the peace, bankers grudgingly accepted a return to paying higher fees as the Bush administration got its wish to wipe away a nearly \$80 million subsidy that had been supporting the 7(a) program. In return, the bankers expect to inherit a more stable program.

Such stability would have saved Julie Valenza a lot of time and money.

Valenza was close to purchasing her second Jimmy John's sandwich franchise in January when the \$250,000 loan she expected to secure through the 7(a) program was suddenly stalled when SBA stopped accepting new applications due to a funding short-fall.

To salvage the deal to purchase an existing store in Westmont, Valenza recruited her sister as an investor.

"At least I didn't have to bring in a stranger off the street," she said.

Still, the setback delayed the purchase by two months and means Valenza now has to split the store's profits.

Paul Andreotti, an executive vice president at National City Bank in Chicago, said SBA loans exist so such situations are avoided.

Without 7(a) loans, many business owners would have to finance growth on their credit cards or through other expensive means.

"If the SBA wasn't guaranteeing loans, banks couldn't be as aggressive and provide as much capital," said Andreotti, whose bank is putting together a 7(a) loan so Valenza can open a third Jimmy John's location in Oak Lawn.

While he's not happy to see the fees climbing, Andreotti said, "In the long run I think it will positively impact small businesses."

Fees for the 7(a) program are now 2 percent on loans up to \$150,000, up from 1 percent. Loans between \$150,001 and \$700,000 carry a 3 percent fee, up from 2.5 percent. Loans for more than \$700,000 still carry a 3.5 percent fee.

The loan applicant usually pays these fees. Banks have to pay another fee, which has also increased recently.

The SBA guarantees 85 percent of 7(a) loans up to \$150,000 and 75 percent of loans for more than \$150,000.

Previously, the highest loan guarantee was \$1 million, but under the new legislation that figure was raised to \$1.5 million. This means the program will now guarantee 75 percent of a \$2 million loan, the largest 7(a) loan available.

Still, not everyone in the SBA universe is sold that the recent compromise was the best solution.

"Clearly there were members of Congress that felt this program was worthy of receiving an appropriation," said James Ballentine, director of community and economic development at the American Bankers Association.

Balentine said some business owners as well as leaders may be dissuaded from taking part in the program because of the fees.

Early indications, though, are that participation in the 7(a) program is at record levels.

From Oct. 1, the beginning of the fiscal year, through Dec. 10, the program has done more than 18,000 loans, worth nearly \$2.8 billion. During the same period last year, the program did fewer than 15,000 loans, worth \$2.4 billion.

In all of the last fiscal year, the 7(a) program did nearly 75,000 loans, worth \$12.6 billion. The program has \$16 billion in loans available for the current fiscal year.

"We think that should be sufficient," said Jodi Polonet, senior vice president of Business Loan Express LLC in New York. "We are satisfied."

Mr. WOLF. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. FOLEY). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentlewoman from Pennsylvania (Ms. SCHWARTZ).

The motion was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. The Chair will appoint conferees at a later time.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 4 o'clock and 35 minutes p.m.), the House stood in recess subject to the call of the Chair.