

# Community Bankers Association of Illinois **ACTION ALERT**



## **CBAI ACTION ALERT: Urge Congress to Oppose Direct Lending by the SBA**

The Biden Administration's Build Back Better Act's proposal in the U.S. House would authorize the SBA to directly "originate and disburse" billions of dollars of 7(a) loans over 10 years.

CBAI contacted Illinois members of the House and Senate Small Business Committees to express our opposition to this misguided proposal. Among the reasons we cited were:

- Community banks and the SBA have had a long and cooperative relationship and SBA does not compete with banks in lending to businesses. Direct lending by the SBA violates this long-standing and beneficial tradition.
- Also, community banks are far superior in prudently underwriting commercial lending relationships while the SBA does not have a good track record with direct lending. In fact, the SBA cancelled a previous direct lending experiment because the subsidy rate was 10 to 15 times higher than for their loan guarantee programs.

Your response to this Action Alert urges your members of Congress to remove this harmful provision from the Build Back Better Act.

Please share this Action Alert with your board members, senior management, and staff. We need a strong showing from Illinois community bankers. Thank you for responding!

**[CLICK HERE TO TAKE ACTION NOW!](#)**

