



News Release

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Zarnikow Testifies at HSBC Subcommittee on Finance and Tax

WASHINGTON, DC – Following this morning's successful White House roundtable with SBA lenders, Capital Access chief Eric Zarnikow today testified in the House of Representatives that agency programs are providing vital funding to small businesses and will continue to adapt during the current credit crunch.

"Despite record growth in 2007, there is a decline in the SBA year to date number of approvals for FY 2008," Zarnikow said. "We continue to work with lenders and small businesses to ensure that we continue to meet the needs of the small business community. We are conducting a number of lender outreach and retention efforts. Additionally, we have provided lenders with new loan products to help them reach specific sectors of the small business community and will continue to work with lenders to find ways to better serve small businesses."

Zarnikow also said SBA has increased staffing and is working to improve its processes and programs, making it easier for small businesses and lenders to access agency programs. Other positive steps include:

1. Increased lender outreach -- SBA is holding roundtable events around the country including today's at the White House and last week's in Denver. Numerous other cities are scheduled for the next 60 days.
2. Lender oversight -- SBA just closed the comment period on the new proposed SOP regulations. We believe there is a misconception about the data we use and the amount of fees charged to lenders. The fact is SBA is a financial regulator and uses this information as an oversight tool to monitor portfolio quality. Our oversight is now done on a risk based system based on portfolio size and 80 percent of lenders pay no fee. This oversight is necessary to protect the taxpayers.
3. We are working on strategic plans to improve our processing centers for loan origination, servicing, and liquidations. The plans include reviewing our staffing plans, improving efficiency, addressing policy changes, and making greater use of technology.