

Congress of the United States

Washington, DC 20515

June 3, 2005

The Honorable Hector V. Barreto
Administrator
U.S. Small Business Administration
409 Third Street, S.W.
Washington, D.C. 20416

Dear Mr. Barreto:

We are writing to express our concern with the Small Business Administration's plans for the 7(a) "LowDoc" program. The LowDoc program has met the needs of thousands of small business borrowers and lenders, which have utilized the unique structure of the LowDoc program to obtain needed capital in an easy and timely fashion. If there are problems with the LowDoc program, we urge the SBA to work with Congress to fix these problems instead of terminating the program, so the Agency can continue to offer the small business community the widest array of choices to access capital.

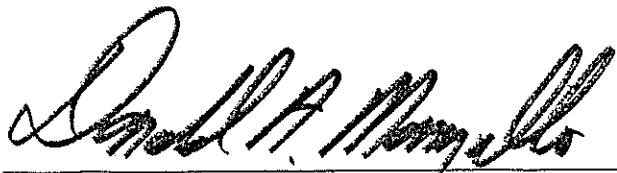
The SBA 7(a) lending program is becoming more and more concentrated – the top ten lenders now account for more than 55 percent of the loans. It is important that the SBA loan programs serve the needs of a broad array of borrowers, with many lenders and in many geographic areas. Combining the several 7(a) sub-programs into a "one size fits all" loan program simply will not help meet the intended purpose of the programs: to reach a diverse group of small businesses that cannot obtain adequate financing elsewhere. The LowDoc program helps small businesses to meet their capital needs, by offering loans of up to \$150,000 and a maximum guaranty of 85 percent. These loans are particularly used by rural and smaller banks that are not lenders in the 7(a) Preferred Lenders Program and may not make many SBA loans.

We ask that we are promptly and fully informed, in writing, by June 17, 2005, of the actions the SBA intends to take concerning the 7(a) LowDoc program, and that we are provided with any data the SBA contends will justify such actions.

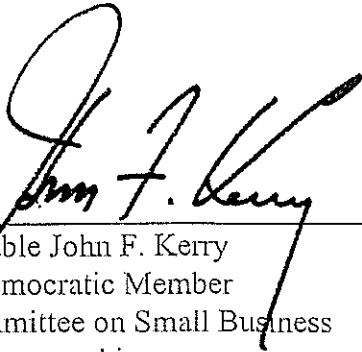
Sincerely,



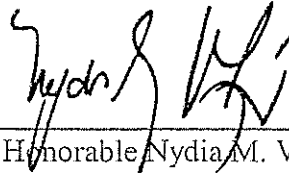
The Honorable Olympia J. Snowe
Chair, Senate Committee on Small Business
and Entrepreneurship



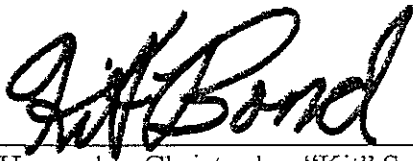
The Honorable Donald A. Manzullo
Chairman, House Committee on Small Business



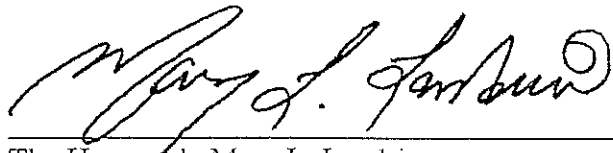
The Honorable John F. Kerry
Ranking Democratic Member
Senate Committee on Small Business
and Entrepreneurship



The Honorable Nydia M. Velázquez
Ranking Democratic Member
House Committee on Small Business



The Honorable Christopher "Kit" S. Bond
Member, Senate Committee on Small Business
and Entrepreneurship



The Honorable Mary L. Landrieu
Member, Senate Committee on Small Business
and Entrepreneurship