



News Release

PRESS OFFICE

Release Date: December 10, 2008
Release Number: 08-119

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SBA Senior Staff Members Take Superior Financial CEO To Task Over Business Practices

WASHINGTON – Today SBA senior staff members met with Superior Financial Group CEO Tim Jochner to express concerns over the company's activities in the Community Express loan program.

SBA Chief of Staff Molly Wilkinson and Associate Administrator for Capital Access Eric Zarnikow met with Jochner at SBA's Washington, D.C., headquarters.

Superior Financial deals primarily in SBA's Community Express loan program. Since Community Express is a pilot program, under law its loan volume is capped. Superior has pushed hard to eliminate the cap.

Just two lenders account for 80 percent of Community Express loans, one of which is Superior Financial Group.

SBA opposes expanding the program because it is concerned about reports of predatory and exploitative lending practices in minority and low income communities by some Community Express lenders. This matter has been referred to SBA's Inspector General. In addition, SBA is concerned that required financial counseling is not being provided to Community Express borrowers.

Community Express's other recent issues include a default rate more than double SBA's average, constitutional concerns over its prior racial and gender preferences, and the fact that few SBA lenders use it.

In today's meeting, SBA raised concerns regarding Superior's:

- Misrepresenting facts about the Community Express program;
- Public release of confidential and privileged SBA portfolio information;
- Apparent unwillingness until recently to offer other SBA loan products besides Community Express that could meet borrowers' needs.

Superior's complaints regarding the Community Express cap are unfounded because all program participants are well aware of the cap when they enter the program; it is a condition of their participation in the program.

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Community Express is one element of an important portfolio of SBA loan products and the agency is committed to its improvement. However, it should be understood in context:

- In 2008, Community Express accounted for about 1 percent of total SBA lending dollars to minority and women owned businesses.
- 28 percent of all SBA loans – excluding Community Express – went to minority-owned business, valued at \$5.6 billion. With Community Express included it would be 32 percent and \$5.7 billion.
- 18 percent of all SBA loans – excluding Community Express – went to women-owned business, valued at \$3 billion. With Community Express included it would be 23 percent and \$3.1 billion.

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