




OFFICE OF THE SPECIAL INSPECTOR GENERAL

FOR THE TROUBLED ASSET RELIEF PROGRAM

1801 L STREET, NW, 4<sup>TH</sup> FLOOR  
WASHINGTON, D.C. 20220

February 4, 2011

MEMORANDUM FOR: Jason Tepperman – Director for Small Business Lending Fund  
Don Graves Jr. – Deputy Assistant Secretary for Small Business,  
Community Development, and Housing Policy

FROM: Neil M. Barofsky – Special Inspector General for the Troubled  
Asset Relief Program 

SUBJECT: Engagement Memo – Review of the Process for Refinancing  
Treasury's TARP Investments to SBLF

In conjunction with our ongoing review of the process through which institutions exit the Troubled Asset Relief Program (“TARP”), we are conducting a further review of the Department of the Treasury’s (“Treasury”) process for refinancing TARP investments to the Small Business Lending Fund (“SBLF”). In December 2010, Treasury issued guidance under which institutions may request SBLF funds, including additional terms pertaining to those institutions refinancing TARP investments made through the Capital Purchase Program or the Community Development Capital Initiative. Our audit objectives are to review (1) the processes, regulations, and guidance established by the Office of Financial Stability (“OFS”), the Office of Small Business, Community Development, and Housing Policy, and the bank regulatory agencies to evaluate SBLF applications submitted by TARP-funded institutions, and (2) whether TARP-funded institutions approved for participation in SBLF meet the criteria for refinancing Treasury’s investment.

We plan to start work on this engagement immediately. We will perform this work under engagement code 026. We expect to conduct our fieldwork at OFS, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Reserve, the Federal Deposit Insurance Corporation, and the Office of Small Business, Community Development, and Housing Policy. We will coordinate with Treasury’s Office of the Inspector General. A member of my staff will contact your office to arrange an entrance conference. At that time, we will discuss our scope, methodology, and time frames in more detail. In the meantime, if you have any questions, please contact Shannon Williams, Director, Audit Division, at [Shannon.Williams@treasury.gov](mailto:Shannon.Williams@treasury.gov) or (202) 927-8732.