

**National Association of Federal Credit Unions
Congressional Caucus
Tuesday Sept. 22, 2009
Washington, DC**

**Remarks As Prepared for:
Karen Mills, SBA Administrator**



Good morning. Thank you. It's great to be here. I want to especially thank Fred and NAFCU for inviting me. It's an honor to serve as SBA Administrator.

As you might know, I was confirmed back in April. During my confirmation hearing, I talked about my experience and qualifications, as you would do in any job interview. But I summed up my testimony by saying something that I thought was even more important. I said, "I'm a believer in American small business."

Since then, I've traveled the country and met people who work at credit unions. My impression is that small businesses are part of the fabric of who you are and what you do.

And that's why I'm here today. I think the SBA and credit unions "fit together."

We've already seen the power of our partnership with all of you over the past 5 years. In fact, the SBA portfolio of 7(a) loans from credit unions has grown from \$125 million in 2004 to nearly half-a-billion dollars today.

You "get it." You know small businesses need our support. Today, our President "gets it," too. He talks about small businesses born in "family meetings around kitchen tables..." and how they're the "heart of our economy."

Right now, the goal of our partnership is clear. We need to make sure small businesses can survive *and grow* to put the brakes on the recession and lead us to recovery.

That's a big mission for a small agency, but if we work arm-in-arm with credit unions, I know we can get there.

Specifically, we need to move forward with 3 priorities:

1. Implement the Recovery Act
2. Reinvigorate the SBA and our partnerships
3. Serve as strongest voice for small business

First, the Recovery Act – the economic stimulus

Last October, credit froze and small businesses were looking for a lifeline. The new Congress and Administration understood we needed to open credit lines and get capital flowing again. That's why the stimulus included about \$730 million for the SBA.

More than half of those funds were put in place in March, including two temporary changes to our top two loan programs.

1. We reduced/eliminated fees in our 7(a) & 504 programs.
2. We increased the guarantee on our 7(a) loans up to 90%.

Consensus after 6 months: *it's working – it was a smart investment.*

Result #1: SBA weekly loan volume is up about 60% compared to the 2 months before the Recovery Act. We've supported over \$10 billion in lending so far. We're back near 2008 levels in weekly loan volume. And I am so pleased to say that about 1,500 of the 27,000 SBA Recovery Act loans have come from credit unions.

Result #2: Just as importantly, more than 1,000 lenders came back to SBA who had not participated since October. More than half of these hadn't made SBA loans since 2007. And here's what I found most interesting about those 1,000 returning lenders: About 93% of them are community and regional lenders... including nearly 100 credit unions. In other words, credit unions are helping us create a bigger network – with more points of access for the people who need it most.

And you're especially important when it comes to reaching America's underserved. You help entrepreneurs and small business owners who otherwise wouldn't

have access. You've helped us deliver 26% of stimulus loans to rural areas, 20% to minority-owned, 19% to women-owned, and 9% to veteran-owned. In fact, SBA loans are 3 to 5 times more likely to go to women and minorities than conventional loans (according to the Urban Institute).

That's part of who we are at the SBA – and I know that many of you reach out to these groups because it's part of *your* mission, too.

And I want to especially thank the dozens of credit unions who are providing ARC loans, which rolled out in June.

Congress created ARC loans at a unique time for a unique group of businesses. I think of it as a “bridge over troubled waters.” These are businesses that have shown profitability, but just need a little extra help to make it through.

ARC loans are 100% backed by the federal government... with interest paid by SBA... for up to \$35,000 over 6 months.

We recently addressed some questions and made some improvements to the ARC program. For example: We enhanced the business credit card provision. Instead of submitting separate documents for each charge, a borrower certifies that *all* charges were for business purposes.

With your help, we've already approved about 2,500 ARC loans. We have about 10,000 to give. So, thank you for taking a look at your portfolios – especially your existing customers – to see if you have some good ARC loan candidates.

With all of our lending programs, the best news is this: Our borrowers are reporting that they are saving and creating more than 100,000 jobs around the country.

We've still got work to do with recovery efforts, but my commitment is this: We will continue working to create an environment where credit unions play a strong role in economic recovery.

Another priority is to reinvigorate our agency and our partnerships.

The SBA has a great “bone structure.”

We have more than 2,000 employees at 68 district offices around the country. We have extensive network of resource partners: nearly 900 Small Business Development Centers, more than 100 Women's Business Centers, and more than 350 chapters of our mentoring program, SCORE. And, of course, we have nearly 5,000 lenders using SBA loans, including hundreds of credit unions.

And as more credit unions start to partner with SBA, we want you to know that we “make good” on our commitments.

Recently, I wrote an op-ed that addressed one of the most crucial areas of our partnership. And that is this: the SBA will honor our guarantees in a timely and predictable way.

Today, we honor over 95 percent of guarantees and requested guarantee purchase dollars.

In addition, we made a commitment in 2007: We said that if a lender sends a fully completed purchase package, we would notify them of payment or of a problem within 45 days. Since then, we have kept that promise. We've approved more than 6,800 requests totaling nearly \$1 billion. And today, it takes less than 30 days on average to process a completed purchase package.

And we are working to make even more progress. For example, we're promoting e-tran, our web-based lending tool. It helps limit errors and expedite purchase requests. We're also creating stronger mechanisms to ensure consistency with loan repairs.

And, with all of guarantees, our goal is twofold:

1. We need to be responsible, accountable, and transparent to taxpayers.
2. We need to provide a user-friendly process for you and your customers – a process that you can be completely confident in: from origination to servicing to purchase, if necessary.

We are meeting these goals... and – by doing so – we hope to strengthen our partnership and to attract *even more* credit unions to the SBA.

And our partnership is critical, because it helps us serve as the strongest voice for small business.

America's small businesses have a seat at the table in this Administration...

We're working across the government not only to strengthen access to capital, but also to increase federal contracting opportunities for small business...to help grow a stronger small business community in areas such as renewable energy... to develop regional clusters that build on the existing strengths in a particular U.S. region... and more.

Overall, we want to create an environment where all kinds of small businesses can flourish... whether they are the dry cleaners on Main Street... or the high-growth, high-impact firms that drive American competitiveness in the 21st century.

And we need your help every step of the way.

I'll leave you with a quote.

Wright Patman was a Congressman from Texas who served as Chairman of the House Banking Committee back in the 1960s and 70s. As you may know, he was a big fan of credit unions.

In fact, the Wright Patman Congressional Federal Credit Union was named after him. That credit union now serves our elected leaders and their staff members who work on Capitol Hill.

The former Congressman once said, "No institution – except the church – does more good for people than credit unions."

It's a great quote – and we all know what he was getting at: The people in this room – and credit unions across the country – do a great service for the people who live and work in their communities.

Today, that's why the SBA wants to serve as your partner. Together, we can provide the tools that help America's small businesses succeed.

I welcome the new credit unions who are starting to participate in SBA programs... and I look forward to continued input, guidance and collaboration from all of you as we move forward. Thank you.

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