

N A G G L

Legislative Alert

From: NAGGL

ATTN: SBA Lenders

RE: Want to see a *Reduction of SBA 7(a) Program Fees?* Then NOW is the time to take action.

A Unique Opportunity

Thanks to unprecedented grassroots support from the SBA lending industry in *Campaign Inform 2001*, NAGGL has won the battle against fee increases to the 7(a) program for FY 02. And now that victory has provided the 7(a) industry with a unique opportunity.

With the support of 7(a) program participants, NAGGL has been working with both houses of Congress to see that the Office of Management and Budget (OMB) calculates a fair and accurate subsidy rate for the 7(a) program—and we have made real progress. **As a result, it may be possible to reduce the 50 basis point lender fee and increase the size of loans considered as “small loans” from \$150,000 to \$250,000.** But to do this, WE NEED THE IMMEDIATE HELP OF EVERY 7(a) PROGRAM PARTICIPANT.

What Can You Do?

- Because we need to get this message out and gauge the response of Congressmen as quickly as possible, phone calls are the best way to make your contacts. So please **call both your U.S. Senators and your House Representative** and encourage them to support the reduction of 7(a) program fees. Many elected officials are back home for the August congressional recess, so try contacting both their Washington, DC *and* local offices. To find your elected officials' phone numbers, go to NAGGL's Legislative Action Center at <http://capwiz.com/naggl/home>, enter your zip code under “Elected Officials,” and click “Go.”
- There are several **key Congressmen** whose support would be particularly important in getting a fee reduction passed. For a list of these, please see the attachment to this Legislative Alert. If you live in the district or state of any of these Congressmen, you can have a direct influence on them—but you don't have to live there to have an impact. **Even if your member is not on the list of key Congressmen, your own elected officials must hear from you on this issue!** You can make just as big an impact by contacting your Congressmen and encouraging them to phone the House and Senate Small Business Committees, as well as other key Congressmen, in support of 7(a) program fee reductions.
- **Contact NAGGL** to let us know that your phone calls have been made, and how they have gone—whether good or bad. It is crucial that we know who has been contacted, and how often, so that we can properly concentrate our own lobbying efforts in the right direction. Please call Tony Wilkinson or Karen High at 405-377-4022 or e-mail them at twilkinson@naggl.com or khigh@naggl.com as soon as your

contacts have been made, being sure to provide the following information: your name and contact information; what officials you have contacted (name, district, state); the meeting format (phone, in person, etc.); what their responses were; whether they pledged support, and/or which other Congressional offices they have called or committed to calling.

- **Forward this message to your employees, colleagues, and borrowers**, and encourage them to make contacts today to let their elected officials know it's time to reduce program fees. Then encourage them to follow up with NAGGL after making these contacts.

What Should You Say?

Following are a list of **talking points** you can use in your correspondence with elected officials:

- The Administration's Fiscal Year 2002 budget submission shows that the SBA 7(a) program participants have paid almost \$1.3 billion in excess fees since 1992.
- Based on recent information that the General Accounting Office (GAO) provided, the excess fees paid by 7(a) program participants on loans made from 1992 through 2001 will likely increase from \$1.8 to \$2.0 billion.
- Excess fees are the same thing as a tax!
- These excessive fees, or taxes, are a result of overly conservative default estimates used by the OMB. For example, OMB uses a default estimate for FY 01 loans of 13.87%. But based on statistical data, GAO rebuts this, saying that average defaults are 8.81% on loans originated after 1991.
- As a result, 7(a) program participants are subsidizing the federal government. OMB, in effect, has been levying an unauthorized tax.
- It is time to **REDUCE FEES** on SBA 7(a) program participants. The SBA 7(a) program should not be run at a profit to the federal government.

Now is the Time

The success of this legislative effort will depend fully on how actively 7(a) program participants pursue it, and it is not likely that another opportunity of this kind will arise in the foreseeable future. So please make this effort a top priority over the next few weeks. If it is successful, the benefits will last much longer than that. Thank you for your help in this critical time.

Sincerely,



Anthony R. Wilkinson
NAGGL President & CEO

Key Congressmen & Phone Numbers

Senate Small Business Committee

<u>Member</u>	<u>DC Phone</u>	<u>District Phone</u>
John Kerry (D-MA)	202-224-2742	617-565-8519
Chairman		
Maria Cantwell (D-WA)	202-224-3441	206-220-6400
Jean Carnahan (D-MO)	202-224-6154	314-436-3416
Max Cleland (D-GA)	202-224-3521	404-331-4811
John Edwards (D-NC)	202-224-3154	919-856-4245
Tom Harkin (D-IA)	202-224-3254	515-284-4574
Mary Landrieu (D-LA)	202-224-5824	504-589-2427
Carl Levin (D-MI)	202-224-6221	313-226-6020
Joseph Lieberman (D-CT)	202-224-4041	860-549-8463
Paul David Wellstone (D-MN)	202-224-5641	651-645-0323

Christopher Bond (R-MO) **202-224-5721** **573-634-2488**

Ranking Member		
George Allen (R-VA)	202-224-4024	804-771-2221
Robert Bennett (R-UT)	202-224-5444	801-524-5933
Conrad Burns (R-MT)	202-224-2644	406-252-0550
Michael Crapo (R-ID)	202-224-6142	208-334-1776
John Ensign (R-NV)	202-224-6244	702-388-6605
Michael Enzi (R-WY)	202-224-3424	307-682-6268
Peter Fitzgerald (R-IL)	202-224-2854	312-886-3506
Olympia Snowe (R-ME)	202-224-5344	207-874-0883

House Small Business Committee

<u>Member</u>	<u>DC Phone</u>	<u>District Phone</u>
Donald Manzullo (R-IL 16th)	202-225-5676	815-394-1231
Chairman		
Todd Akin (R-MO 2nd)	202-225-2561	314-878-0513
Roscoe Bartlett (R-MD 6th)	202-225-2721	301-694-3030
Shelley Moore Capito (R-WV 2nd)	202-225-2711	304-925-5964
Steve Chabot (R-OH 1st)	202-225-2216	513-684-2723
Larry Combest (R-TX 19th)	202-225-4005	806-763-1611
Jim DeMint (R-SC 4th)	202-225-6030	864-232-1141
Michael Ferguson (R-NJ 7th)	202-225-5361	908-686-5576
Samuel Graves (R-MO 6th)	202-225-7041	816-792-3976
Felix Grucci, Jr. (R-NY 1st)	202-225-3826	631-758-4600
Joel Hefley (R-CO 5th)	202-225-4422	719-520-0055
Darrell Issa (R-CA 48th)	202-225-3906	949-496-2343
Sue Kelly (R-NY 19th)	202-225-5441	845-897-5200
Frank LoBiondo (R-NJ 2nd)	202-225-6572	609-625-5071
Mike Pence (R-IN 2nd)	202-225-3021	765-640-2919
Edward Schrock (R-VA 2nd)	202-225-4215	757-497-6859
Bill Schuster (R-PA 9th)	202-225-2431	717-264-8308
John Thune (R-SD At-Large)	202-225-2801	605-331-1010
Pat Toomey (R-PA 15th)	202-225-6411	610-439-8861

Nydia Velazquez (D-NY) **202-225-2361** **718-599-3658**

Chairman		
Anibal Acevedo-Vila (D-PR At-Large)	202-225-2615	787-723-6333
Brian Baird (D-WA 3rd)	202-225-3536	360-695-6292

Robert Brady (D-PA 1st)	202-225-4731	215-389-4627
Brad Carson (D-OK 2nd)	202-225-2701	918-687-2533
Donna Christian-Christensen (D-VI At-Large)	202-225-1790	340-774-4408
Danny Davis (D-IL 7th)	202-225-5006	773-533-7520
Charles Gonzalez (D-TX 20th)	202-225-3236	210-472-6195
James Langevin (D-RI 2nd)	202-225-2735	401-732-9400
Juanita Millender-McDonald (D-CA 37th)	202-225-7924	310-538-1190
Grace Napolitano (D-CA 34th)	202-225-5256	323-728-0112
William Pascrell, Jr. (D-NJ 8th)	202-225-5751	973-523-5152
David Phelps (D-IL 19th)	202-225-5201	618-273-8203
Mike Ross (D-AR 4th)	202-225-3772	870-536-3376
Stephanie Tubbs-Jones (D-OH 11th)	202-225-7032	216-522-4900
Mark Udall (D-CO 2nd)	202-225-2161	303-457-4500
Tom Udall (D-MD 3rd)	202-225-6190	505-984-8950

Senate Appropriations Committee

<u>Member</u>	<u>DC Phone</u>	<u>District Phone</u>
Robert Byrd (D-WV)	202-224-3954	304-342-5855
Chairman		
Ernest Hollings (D-SC)	202-224-6121	803-765-5731
Ted Stevens (R-AL)	202-224-3004	907-271-5915
Ranking Member		
Judd Gregg (R-NH)	202-224-3324	603-225-7115

House Appropriations Committee

<u>Member</u>	<u>DC Phone</u>	<u>District Phone</u>
Frank Wolf (R-VA 11th)	202-225-5136	703-709-5800
Chair, CJS Subcommittee		
David Obey (D-WI 7th)	202-225-3365	715-842-5606
Ranking Member		
Jose Serrano (D-NY 16th)	202-225-4361	718-538-5400