

July 21, 2010

The Honorable Harry Reid
Senate Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

On behalf of the nearly 5,000 members of the Independent Community Bankers of America and its partner state community banking associations, **we strongly urge you to retain the Small Business Lending Fund (SBLF) in the Small Business Jobs Act (HR 5297)**. The SBLF is the core component of this legislation and the provision that holds the most promise for small business job creation in the near term. Failure to even consider the SBLF in the Senate would be a missed opportunity that our struggling economy cannot afford.

The nation's nearly 8,000 community banks are prolific small business lenders with the community contacts and underwriting expertise to get credit flowing quickly to the small business sector. The SBLF is a bold, fresh proposal that would provide another capital option for community banks to leverage and expand small business credit. The \$30 billion fund could be leveraged to provide as much as \$300 billion of credit.

What's more, the structure of the SBLF program will create a powerful incentive for community bank recipients to lend. Banks that increase their small business lending will get a lower dividend rate, as low as 1 percent for banks that increase their lending by 10 percent. Banks that do not increase their lending will pay a higher dividend rate, as high as 7 percent. The SBLF proposal has all of the features needed to attract broad participation by community banks. I expect this credit to have a strong impact on the recovery and job growth and to provide greater tax revenues flowing back to the federal, state and local governments.

Importantly, ICBA supports HR 5297 with the SBLF, while adamantly opposing counterproductive additions like Senator Mark Udall's amendment to increase the lending powers of tax-subsidized credit unions. **We urge prompt enactment of the Small Business Jobs Act with the SBLF and without dangerous amendments that will jeopardize the viability and purpose of the Act.** Thank you for your consideration.

Sincerely,

**Independent Community Bankers of America
Community Bankers Association of Alabama
Arkansas Community Bankers**

**California Independent Bankers
Independent Bankers of Colorado
Florida Bankers Association
Community Bankers Association of Georgia
Community Bankers of Iowa
Community Bankers Association of Illinois
Indiana Bankers Association
Community Bankers Association of Kansas
Louisiana Bankers Association
Maine Bankers Association
Massachusetts Bankers Association
Michigan Association of Community Bankers
Independent Community Bankers of Minnesota
Missouri Independent Bankers Association
Nebraska Independent Community Bankers
Community Bankers Association of New Hampshire
Independent Community Bankers Association of New Mexico
Independent Community Banks of North Dakota
Community Bankers Association of Ohio
Pennsylvania Association of Community Bankers
Independent Community Bankers of South Dakota
Tennessee Bankers Association
Independent Bankers Association of Texas
Virginia Association of Community Banks
Community Bankers of Washington
Community Bankers of Wisconsin
Community Bankers of West Virginia**

cc: Members of the United States Senate