



**AN OVERVIEW OF SBA'S 7(a) LOAN PROGRAM**

**March 9, 2017**

**AS PREPARED FOR DELIVERY**

Good morning. Thank you all for being with us today. I call this hearing to order.

Our start-ups, our entrepreneurs, our small businesses—the true engines of our economy—continue to experience a rigid lending environment.

While large companies are turning to debt and equity markets to raise capital, small businesses all over the country regularly turn to conventional bank lending to finance their projects.

At times, small firms cannot access conventional lending, so they have nowhere to turn for the capital to grow their business and create jobs.

Despite being creditworthy, they often do not have the proven track record for traditional lending.

Instead of turning away the next great American company, lenders can work with small businesses and provide access to SBA's numerous lending programs.

We are here to talk about one of these lending programs today.

The Advantage Loans Program, widely known as the 7(a) Loan Program, provides creditworthy small businesses the opportunity to receive capital if traditional lending is not available.

The program, which is currently running at zero cost to the American taxpayer, does not provide direct loans; rather, the SBA offers guarantees of repayments made by lenders.

With the recent growth of the program in terms of loan approvals, loan amounts, and the Congressionally-authorized lending limit, it is important for our Committee to comprehensively review the program.



Does SBA have the correct tools in place to provide oversight? Where should there be improvements? Is the credit elsewhere test, the test which determines whether or not a small business is able to obtain capital from traditional options, strong enough?

The hearing today will kick off a series of conversations focusing on the 7(a) Loan Program.

Today, the Subcommittee will hear directly from the lender's window, those financial institutions participating in the program.

I appreciate all of the witnesses for being here today. I look forward to your testimony.

I now yield to Ranking Member Adams for her opening remarks.

