Committee heads ask SBA to pause small business lending changes

May 17, 2023 Reading Time: 1 min read

The leaders of the House and Senate small business committees on Tuesday asked the Small Business Administration to "pause" changes to its lending programs until a permanent associate administrator is confirmed to oversee the programs. Last month, SBA issued final rules to lift the moratorium on the number of nondepository lenders in the 7(a) program and to remove the nine-factor underwriting standard for 7(a) loans. ABA and lawmakers have raised concerns about the proposed changes, pointing to reports that found limited agency oversight of nondepository lenders and significant fraud committed through Paycheck Protection Program loans originated by fintech firms.

In a joint letter, the committee chairs and ranking members noted the recent departure of Patrick Kelley, who had been associate administrator for the Office of Capital Access. Kelley's absence is "a void in leadership at a time when such leadership will be key in overseeing the orderly implementation of the new lending rules." Signing the letter were Senate Small Business and the lawmakers wrote. "As a result, we believe that it is best for a new permanent associate administrator for the Office of Capital Access to be in place prior to these changes going into effect."

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