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## CIT Small Business Lending



# Committed to Small Business

### CIT Among Top 20 SBA Lenders for Fiscal 2009

Despite a challenging economy, CIT Small Business Lending (SBL) still captured a top spot in the annual list of Small Business Administration (SBA) lenders. The SBA ranks each lender based on the number and volume of loans made during the fiscal year. For 2009 SBL placed 13th, having issued 142 loans totaling \$105,000 million.

“Limited liquidity made it a difficult year for all lenders participating in the SBA loan programs,” said SBL President Chris Reilly. “SBL worked hard to overcome these challenges and continued to provide lending and advisory services to small businesses throughout the United States. We understand the importance this sector plays in the economy and its eventual recovery, and we remain committed to helping small businesses succeed.”

The SBA’s fiscal year-end report also showed a significant year-over-year drop in total loan volume – an expected outcome, as the credit crisis caused most financial institutions to significantly curtail lending activities. In addition, the SBA secondary market – an important source of liquidity for many SBA lenders – was completely unavailable from September 2008 through the Spring of 2009. For fiscal 2008, overall SBA loan volume was \$13 billion. It dropped to \$9 billion in 2009.

Other findings from the 2009 analysis:

- Only four lenders from the Top 10 for fiscal 2008 – Wells Fargo, U.S. Bank, JPMorgan Chase and TD Banknorth – made this year’s Top 10.
- Three banks captured the top rankings. Wells Fargo placed first, followed by U.S. Bank and BBVA Compass.
- Only three lenders in the Top 10 – Wells Fargo, BBVA Compass and Live Oak Banking Company – showed a year-over-year increase in the amount of loans issued. The vast majority of lenders had double-digit declines.

Although the total number of loans issued through the SBA’s 7(a) and 504 programs were down 36 percent and



26 percent respectively, that trend seems to be turning around, according to Chris. “Recent loan activity suggests a respectable rebound in the second half of the year primarily due to more lenders entering the programs as a result of the U.S. government’s stimulus efforts focused on small business,” she said.

Earlier this year the Obama Administration announced measures to boost small business lending. Those measures, part of the Recovery Act, included temporarily reducing or eliminating borrower fees on SBA loans and increasing the loan guarantee from 75% to 90%. Three weeks ago President Obama announced additional proposals to increase lending to small businesses, including raising the size cap on 7(a) and 504 loans from \$2 million to \$5 million. Chris believes these are all positive steps to get SBA lending heading in the right direction.

“Small businesses have been among the hardest hit by this recession,” she said. “They lost 2.4 million jobs from mid-2007 through 2008. It’s good to see action being taken, because there is still too little credit flowing to small business.” Support for this sector is especially crucial considering that over the past 15 years America’s small businesses have created 65 percent of all new jobs in the country.

“SBL has long been a strong voice for small business,” said Chris, “and I’m pleased to see government and industry leaders working in partnership to expand initiatives that will improve access to capital so that small

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businesses remain the engine that keeps America working and growing.”

She added that based on the many e-mail messages and letters written by clients and potential clients on behalf of CIT, it's clear that small business owners understand and appreciate the critical role that we play in this marketplace.

[One such letter](#) was sent to President Obama from John Welsh, proprietor of the El Paso-based Welsh's Village Supermarkets. Welsh wrote his letter in July upon learning that the Obama Administration had turned down emergency funding for CIT. At the time the Texas businessman was negotiating with CIT for financing to expand operations. His regional SBA director told him to contact CIT since the area's small community banks were not making loans.

“Until now, we have never had a problem in obtaining needed financing,” wrote Welsh. “But without small business lenders like CIT, we now have a problem. The ‘line in the sand’ that your agencies have drawn in front of CIT is a negative...It is a mistake.”

Even though the business unit turned Welsh down last summer, he returned to SBL and is now requesting a \$2 million SBA 7(a) loan to enable his expansion plans to proceed.

“Business owners like John Welsh **are** Main Street America,” said Chris. “They truly are the backbone of the American economy. Whenever I’m driving in my car or walking down a busy street, all I need to do is look right or left and it never ceases to amaze me how many small businesses there are just like John’s lining the landscape. They’re everywhere!”

In a recent speech President Obama said that his administration is going to stand behind small businesses, because when they succeed, so does America. “At CIT we share that commitment,” said Chris. “We’re proud to have earned the trust and respect of small businesses throughout the country, and we look forward to serving them for many years to come.”