



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

December 20, 2017

VIA www.regulations.gov AND EMAIL

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
Department of the Treasury
400 7th Street S.W., Suite 3E – 218 Mail Stop 9W-11
Washington, D.C. 20219
regs.comments@occ.treas.gov

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551
regs.comments@federalreserve.gov

VIA <http://www.FDIC.gov/regulations/laws/federal/propose.html> AND EMAIL

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429
comments@FDIC.gov

RE: NOTICE OF PROPOSED RULEMAKING

OCC: Simplifications to the Capital Rule Pursuant to the Economic Growth and
Regulatory Paperwork Reduction Act of 1996, 12 CFR Part 3
Docket ID OCC-2017-0018
RIN 1557-AE10

BOARD: Simplifications to the Capital Rule Pursuant to the Economic Growth and
Regulatory Paperwork Reduction Act of 1996, 12 CFR Part 217, Regulation Q
Docket No. R-1576
RIN 7100 AE-74

FDIC: Simplifications to the Capital Rule Pursuant to the Economic Growth and
Regulatory Paperwork Reduction Act of 1996, 12 CFR Part 324
RIN 3064-AE59



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

Dear Sir and/or Madam:

As the Associate Administrator for the Office of Capital Access of the U.S. Small Business Administration ("SBA"), I am responsible for policy, implementation and oversight for SBA's flagship business loan programs--the 7(a) guaranteed loan program ("7(a)") and the 504 certified development company loan program ("504"). The 7(a) and 504 loan programs are economic development programs that provide small businesses with access to capital, and as a result create jobs, increase services in the community and increase the local community tax base. SBA relies on participating lenders, including federally-regulated banking organizations, to deliver 7(a) and 504 loans to small business borrowers. SBA's guaranty of and support for 7(a) and 504 loans mitigates a lender's risk using the public/private partnership model. These SBA programs have been instrumental in post-recession recovery nationwide and provide vital support for community development at a grass-roots level.

SBA supports the efforts of the Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System (the "Board") and the Federal Deposit Insurance Corporation ("FDIC") to reduce the regulatory compliance burden on community and other small banking organizations by simplifying and revising rules regarding risk-based and leverage capital requirements as reflected in the Notice of Proposed Rulemaking. Specifically, SBA understands and appreciates that the proposed HVADC exposure definition removes the exception to the community development project exemption (contained in the current HVCRE exposure definition) for real estate loans to small businesses that promote economic development, which would include real estate loans made under SBA's 7(a) and 504 loan programs.

However, we understand some confusion remains among our industry partners and the small business lending community that may adversely affect the small businesses we serve. For that reason and in order to simplify and clarify the scope of the exemption, we request that the banking agencies revise the proposed HVADC exposure definition to add a specific exemption for all real estate loans made under or in connection with SBA's 7(a) and 504 loan programs (including related Interim Lender Loans and Third Party Lender Loans). Alternatively, we request that the banking agencies clarify, either in the preamble to the final rule or through the issuance of subsequent written guidance, that the community development project exemption in the proposed HVADC exposure definition applies to all real estate loans made under or in connection with SBA's 7(a) and 504 loan programs (including related Interim Lender Loans and Third Party Lender Loans).

SBA would welcome the opportunity to meet with OCC, Board and FDIC officials to provide supplemental information to support SBA's request and to engage in further dialogue regarding regulatory compliance burden relief that would increase the availability of capital to small businesses.

Sincerely,

William M. Manger
Associate Administrator
Office of Capital Access