

U.S. Rep. Fitzgerald: Co-introduces bill to prohibit direct-to-borrower lending under SBA 7(a) loan program

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WASHINGTON, DC – This month, Congressman Scott Fitzgerald (WI-05) co-introduced legislation to prohibit the Small Business Administration (SBA) from directly making loans under the 7(a) loan program alongside Ranking Member Blaine Luetkemeyer (MO-03) and all of his Republican Small Business Committee colleagues. This legislation would ensure local banks continue to play an important and involved role in the lending process.

“Local banks in Southeast Wisconsin play a critical role in serving our communities. Unfortunately, the current Administration wants to usurp local banks’ role in the lending process by allowing the SBA to directly make loans under the 7(a) loan program. As history indicates, when the SBA previously chose to engage in direct lending, they were met with high rates of default and fraud. Local banks, on the other hand, possess regulatory safeguards that prevent these high rates of default and fraud. I’m proud to support this legislation to safeguard the fiscal solvency and role Wisconsin banks play in the lending process,” **said Congressman Fitzgerald.**

BACKGROUND

On Wednesday, November 17, 2021, the American Bankers Association, Bank Policy Institute, Consumer Bankers Association, Credit Union National Association, Independent Community Bankers of America, and National Association of Federally Insured Credit Unions sent a [joint trades letter](#) opposing the SBA’s expansion of direct lending.