Testimony of

David G. Schroeder
President, American Enterprise Bank

On behalf of the

Independent Community Bankers of America

Before the

Congress of the United States
House of Representatives
Committee on Small Business
Subcommittee on Finance and Tax

Hearing on

"The Effect of the Credit Crunch on Small Business Access to Capital"

April 30, 2008
Washington, D.C.

Testimony of

David G. Schroeder
President, American Enterprise Bank

On behalf of the
Independent Community Bankers of America

Before the
Congress of the United States
House of Representatives
Committee on Small Business
Subcommittee on Finance and Tax

Hearing on
"The Effect of the Credit Crunch on
Small Business Access to Capital"

April 30, 2008
Washington, D.C.

Good morning. My name is David Schroeder and I am President of American Enterprise Bank in Buffalo Grove, Illinois. Chairwoman Bean and members of the committee, I am please to be testifying today on the state of the credit markets and small business access to capital. I am proud to be testifying on behalf of the Independent Community Bankers of America.[1]

ICBA represents 5,000 community banks throughout the country, with 301 community bank members in Illinois. Community banks are independently owned and operated and are characterized by personal attention to customer service and lending to small business.

American Enterprise Bank is a locally owned community-oriented bank located in Buffalo Grove, Highland Park, and Schaumburg, Illinois. We will be opening a new branch in Wheaton, Illinois this summer. Since 1995, we have grown to more than $360 million in assets and we currently serve more than 8,800 account holders. We pride ourselves on small business relationship banking and strongly support the work of the Small Business Administration and actively participate in the SBA's lending programs, specifically the flagship 7(a) loan program and the 504 loan program.

---

[1] *The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.*

With nearly 5,000 members, representing more than 18,000 locations nationwide and employing over 268,000 Americans, ICBA members hold more than $908 billion in assets, $726 billion in deposits, and more than $619 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

Community lenders like American Enterprise Bank are proud to support or communities and nations' economic growth by supplying capital to small businesses across our nation.

Summary of Testimony

The U.S. credit markets have remained quite volatile since August of 2007. Credit fuels our economy and the broad credit markets are still sorting out many problems. Some of the nation's largest lenders and money-center banks have tripped up on aggressive subprime lending and toxic investments. As a result, many of the biggest financial institutions have been forced to pull in their lending, write down losses, and rebuild capital positions.

Consequently, the current turmoil in our economic and financial markets nationwide raises genuine concerns about the availability of capital and credit for small business. Notably, community banks remained common-sense lenders and largely avoided the subprime debacle, have solid capital positions, and have money to lend to small business.

As the Administration and Congress continue to address the problems in the housing and housing finance sectors, policymakers must also focus on the needs of the small business sector during this economic slowdown. At a time when the economy is faltering, a sharp decline in the number and dollar amount of Small Business Administration loans is troubling. The SBA loan programs should bolster small businesses credit in economic slowdowns. Instead, the number of SBA loans being made is plummeting.

ICBA is glad the Small Business Committee Subcommittee on Finance and Tax is conducting this hearing, since there are many proposed financial regulatory and tax reform measures that can greatly assist small businesses in this difficult economic climate. In order to address the ongoing "credit crunch" and ensure small businesses lenders and borrowers have an uninterrupted supply of capital, ICBA respectfully advanced several policy recommendations including:

- Strengthen the Small Business Administration loan programs by boosting the SBA budget, lowering the steep fees on lenders and borrowers, and reducing excessive regulations.

- Enact the "Small Business Lending Reauthorization and Improvements Act," (H.R. 1332 / S. 1256), which is critical to the ongoing viability of the SBA loan programs.

- Enact the ICBA's economic stimulus plan recommendations, including a first-time homebuyer tax credit, immediate alternative minimum tax relief, and increase the bank-qualified municipal bond threshold. (Summary attached as part of this testimony.)

- Enact provisions in the "Communities First Act, (H.R. 1869 / S. 1405) which provide sensible tax and small business regulatory relief for community lenders and their small business customers. (Summary attached as part of this testimony.)

The ICBA believes these measures would all help small business better access credit, grow, and create jobs and boost our economy.

Community Banks are There for Small Business

Community banks represent the other side of the financial story and credit market. Community banks have a uniquely different business model than the biggest money-center banks. It is a model based on relationship-banking in their communities, not on relationships with investment banks or hedge funds. Small businesses can feel confident in using their local community banks for their financial needs.

Despite the media coverage about a "credit crunch," community banks are very much alive and well. Truth is, community banks are open for business. Community banks, in general, rely more on local deposits to fund local lending so they don't rely heavily on Wall Street capital markets for funding.

Community banks are prudent, common-sense lenders that did not entangle themselves in exotic lending practices, off-balance sheet structured investment vehicles (SIVs), collateralized debt obligations (CDOs), hedge funds and the subprime mess. So we do not have to dramatically readjust our lending practices, scurry to rebuild capital, or dramatically cut back lending as the faltering biggest lenders are doing.

Simply stated, community banks balance sheets are transparent and strong. That said, there is a genuine credit market crisis and it continues to have real consequences across the entire financial and economic spectrum from Wall Street to Main Street. Unfortunately, the fallout from the mis-steps of a few large financial players is fostering costly new regulatory burdens on *all* financial institutions. This will likely cause banks to further tighten lending and will increase the transaction costs for lenders and small business borrowers alike. I urge the Congress to avoid a one-size-fits-all regulatory approach. Increasing regulatory burdens should not be a wet blanket smothering community bank lenders that had little to do with the current turmoil.

Further Economic Stimulus Still Needed

Responding to a slowing economy, ICBA was out front in early January with a "9-point Economic Stimulus" package focused on communities and small business needs. As the economy continues to soften, Congress is advancing a second "economic stimulus" package. The ICBA respectfully recommends a number of economic stimulus items (attached) to help the credit markets, small businesses, and job growth.

In particular, the broad credit markets have been severely damaged by the sharp decline in housing prices and the decline in the collateral real-estate represents. When home prices continue to drop sharply and people owe more on their mortgages than their homes are worth, foreclosures become a growing economic problem. Despite the Federal Reserve Board's sharp reduction in interest rates, home prices continue to decline at a record pace in many regions due to plummeting sales and a 10-month-plus supply of unsold homes nationwide.

Notably, some 45% of small business loans outstanding are collateralized by some type of real estate asset. Therefore, the ongoing sharp decline in real estate values must be addressed before genuine stability can be achieved in the broad credit markets and economy. The ICBA's economic stimulus plan recommends a $5,000 first-time homebuyer federal tax credit for one year in order to jumpstart home sales, reduce unsold inventories, and stabilize home prices and foreclosures. We are please to see a homebuyer tax credit advancing in both the House and Senate as part of a second legislative stimulus effort.

Communities First Act Would Boost Small Business

Community banks run small businesses themselves and finance the entrepreneurs in their towns allowing local economies to prosper. During this credit crunch and economic slowdown, sensible tax and regulatory relief for our nation's community lenders and the small business customers we serve is more important than ever. Introduced by House Small Business Committee Chairwoman Nydia Velazquez (D-N.Y.), the bipartisan Communities First Act (H.R. 1869) provides much-needed regulatory relief and tax reforms so that community lenders such as my bank and small businesses can better focus our efforts and resources on the needs of our local communities.

I urge lawmakers to closely examine and co-sponsor the sensible reforms in H.R. 1869 that will boost the viability of small businesses nationwide. The bill would reduce outdated and punitive regulations and reform tax laws to better enable local lenders to meet the credit needs of small businesses, local governments and others who depend on community-based financial institutions. The Communities First Act is pro-consumer, pro-small business, and pro-community legislation. (Summary of the Communities First Act is attached below as part of this testimony.)

Small Business Lending is Vital to Economic Strength

Small business access to capital is vital to the strength of our economy and employment. Small businesses represent a whopping 99% of all employer firms and employ half of the private sector workers. There are more than 26 million small businesses in the U.S. Small businesses have created 70 percent of the net new jobs over the past decade.

Community banks are essential to the strength and success of small businesses nationwide. American Enterprise Bank specializes in small business relationship lending. Community banks stick with their local communities and small business customers in good times and in bad. Notably, for their size, community banks are disproportionately large small business lenders. While community banks represent about 12% of all bank assets, they make 20% of all small business loans. Community banks make nearly one-third of all small business loans of $100,000 or less.

Because small businesses are integral to our economic strength, ICBA believes it is urgent to properly meet the credit needs of small businesses as the economy has softened and employment levels continue to decline. The Federal Reserve has taken unprecedented actions to slash interest rates, provide liquidity, and recently put $29 billion of private sector assets on its (taxpayers') balance sheet to assist large financial firms JPMorgan Chase and Bear Stearns and to keep the credit markets functioning. Likewise, policymakers should directly and aggressively address small business credit needs.

GDP growth slowed to a minuscule 0.6 percent in the fourth quarter of 2007. Unemployment has jumped to 5.1 percent in March as a result of three consecutive months of declining payroll jobs. Small business optimism is plummeting and credit availability is a genuine concern. In March, the

National Federation of Independent Business index of small-business optimism dropped to its lowest level since it began this survey in 1986.

Soaring energy costs are challenging many small business budgets and profit margins. The January Federal Reserve senior loan officer opinion survey shows that large banks continue to tighten lending standards for households and businesses. The report is discouraging as tighter lending standards will reduce the availability of credit for small businesses and work to further weaken a struggling economy. Therefore, the federally guaranteed SBA loan programs should work to counter tightening credit markets and help provide funding to small businesses in this more difficult economic climate when they need the program the most. Declining SBA loan volume tells us it is not.

Critical SBA Lending in Trouble

The SBA loan programs are a success story. They fund thousands of small businesses that otherwise would not have had access to capital. However, recent budget cuts, sharp fee increases on both lenders and borrowers, and the elimination of the successful Low-Doc program have undermined the full potential of the SBA loan programs. These and other negative changes have caused a disturbing decline in the number of community lenders actively participating in the SBA loan programs. Today, just the top 10 SBA lending banks make nearly 60 percent of all SBA loans. This in turn jeopardizes the ability of interested community lenders to reach a wide variety of deserving small business borrowers and geographic areas with affordable and flexible SBA loan programs.

Banks could be extending more SBA loans to meet the needs of small businesses during this economic slowdown. However, the number of SBA loans is actually falling sharply. As of the end of March 2008, the year-over-year number of SBA 7(a) loans was down more than 17% and the dollar amount down nearly 9 %. The SBA 504 loan program is also in decline. This is unacceptable if the SBA program is to properly support small business lending needs and bolster economic strength. We need more small business lending not less.

Community Banks Build Small Businesses with SBA Lending

American Enterprise Bank strongly supports the work of the Small Business Administration and actively participates in the SBA's lending programs, specifically the flagship 7(a) and the 504 loan programs. In 2007, American Enterprise Bank made $62.6 million in SBA 7(a) loans and $15.5 million in 504 loans.

Community lenders like American enterprise bank are proud to work with the SBA in helping supply needed capital to small businesses across our nation, especially now when the economy is weak and many large, money-center banks are cutting back sharply on small business lending. I want to make it very clear that the SBA guarantee loan programs are unique and extremely valuable in providing needed long-term capital to small business. Lenders can fund small businesses that otherwise would not have had access to capital. The SBA 7(a) loan program provides 30 percent of all the long-term small business lending.

SBA Loans Serve Unique Role

Lenders need to match short-term deposits with short-term small business loans. While the typical commercial small business loan has a maturity of one to three years, SBA 7(a) loan maturities average 12 or more years. Importantly, SBA lending allows longer loan terms up to 25 years. This lowers the entrepreneur's loan payments and frees up needed cash flow to start or grow the small business. As small businesses do their best to weather the current difficult economic climate, the longer loan term offered by an SBA loan is a huge help.

The SBA 7(a) and 504 guaranteed loan programs serve a unique role in providing an alternative means for entrepreneurs to access capital where funding is not available through conventional lending methods. Therefore ICBA believes the economic slowdown and greater credit-risk aversion in the credit markets should be fostering a stronger demand for guaranteed SBA loans. Unfortunately, small business SBA loan volume is declining sharply. This is aggravating the economic problems and only validates the importance of ensuring a more robust Small Business Administration with affordable and workable loan programs for a wide range of lenders and borrowers. Thriving small businesses are exactly what is needed to turn this economy around and to boost payroll and business income tax revenue back to federal, state and local government. Small businesses are critical to supporting a tax base.

Disturbing Decline in the Number of Active SBA Lenders

Despite the growing need for small business capital, the SBA loan programs have been harmed by recent policy changes. In recent years, many community banks have found it much harder, not easier, to provide capital to small businesses through the SBA loan programs. Notably, the number of lenders that have made at least one SBA 7(a) loan has dropped almost in half from 5,288 in 2001 to fewer than 2,700 today. This is a disturbing trend.

Also troubling is the fact that many of the large financial institutions that consumed the lion's share of the SBA loan programs are the same banks that are struggling under the sub-prime mess and unable to continue the same level of SBA lending at this critical economic time. The majority of our nation's commercial banks are community banks. The geographic dispersion of community banks around the country fosters a financial system where money and resources are made available not only in large urban areas, but in suburban and rural areas as well. There are more than 8,500 FDIC-insured commercial banks across America. That is why it is perplexing to note that the top 25 SBA lenders eat up two-thirds of the SBA's 7(a) loans with just 10 big lenders making more than 55 percent of the loans. ICBA does not believe Congress intended the SBA loan programs to be functional for only a handful of the nation's biggest financial entities. ICBA urges that SBA programs be allowed to work for as many interested lenders as possible in many geographic areas to best meet the needs of small business borrowers.

The sharp drop-off in active SBA lenders has been the result of a combination of discouraging factors that has undermined the community banking industry's ability to participate. These damaging changes include sharp SBA budget cuts, the elimination of any appropriations for SBA 7(a) loan programs, increased lender and borrower fees, the elimination of combination or "piggyback" financing, reduced staffing and service from local SBA offices, lower loan guarantee levels, increased regulatory fees, as well as the elimination of popular loan programs such as "Low-Doc."

As small businesses represent a large and growing share of our economic well-being, the sharp budget cuts the SBA has suffered in recent years have come home to roost in this challenging credit market. We cannot shortchange SBA lending and small business needs without consequences, especially when the economy softens. This is no time for the SBA loan programs to be in a sharp decline. The need for affordable small business capital is greater today than ever.

However, we have witnessed sharp SBA budget cuts in recent years. The SBA budget proposed for fiscal year 2009 is a tiny 0.02 percent of the proposed federal budget. In fact, the SBA's non-disaster program budget is about half of what it was in 2001. While there are efficiencies with new technology that can be achieved, when an agency's budget is nearly cut in half, the service and functionality of its programs will suffer. This was most evident in the troubled SBA disaster lending response after the Gulf Coast hurricanes in 2005. We don't want to witness a similar fate now in the SBA 7(a) and 504 loan program as loan volumes decline just when credit is needed most. If stimulating our troubled economy and supporting our nation's small businesses is a priority, we urge that more, not less, budget resources be allocated for the SBA and its proven lending programs.

Ways to Restore Robust SBA Lending

An ongoing major concern of the community banking industry has been the elimination of the long-running appropriation for the SBA 7(a) loan program that was as much as $115 million in FY2001. As a result of the elimination of any appropriation for 7(a), the lender and borrower fees have been increased sharply and continue to increase under the "zero-subsidy" model. With no appropriated money, more and more Small Business Administration costs are being passed on to the lenders and borrowers. When the appropriation was being eliminated with the blessing of the SBA, the SBA officials assured concerned lawmakers, lenders, and small business groups the program would be better off. Today, with declining loan volumes and far fewer SBA lenders, the evidence is clear that this is not the case. Community lenders have been forced to drop out of the program, and a greater concentration of SBA loans have gone to a handful of the nation's biggest banks where many are embroiled in their own capital difficulties and unable to meet the SBA borrowing needs of small business.

With higher fees, many deserving entrepreneurs that were on the margin of obtaining a 7(a) loan are no longer able to afford such financing. This has the effect of shifting the delivery of SBA 7(a) loans further away from the fundamental mission of reaching deserving small businesses in greatest need of inexpensive, guaranteed financing. ICBA believe the decline in the number of SBA lenders and the shrinking of average loan size has left many small businesses with less capital to grow their businesses and create jobs.

For smaller SBA loans, today's higher fees can translate into nearly $1,500 to $3,000 more in upfront closing costs for entrepreneurs. The added costs from today's higher fees can be up to $50,000 for larger small business loans. Higher fees only discourage the very type of small business borrowers the SBA guaranteed loan programs were intended to reach from accessing needed capital during difficult economic times. To restore robust SBA small business lending ICBA recommends several reforms:

- Allow a “Super SBA 7(a) loan program” for one year as an economic stimulus to help small business access needed capital. ICBA’s nine-point economic stimulus plan recommends a “Low-Doc,” expedited 7(a) loan program with a 85% guarantee, and lender and borrower fees reduced to half of their current level for small business loans up to $250,000.

- Restore a reasonable budget appropriation of $250 million to help offset and lower the recent sharp fee increases on both 7(a) lenders and borrowers.

- Enact the pending SBA reauthorization legislation and improvements in the “Small Business Lending Reauthorization and Improvements Act,” (H.R. 1332 and S. 1256).

- Suspend the new lender oversight fees.

ICBA believes these reforms would go a long way in positioning the SBA loan programs to help more small businesses get the capital they need, especially during the current credit crunch.

Conclusion

America’s small businesses are facing difficult economic times and acquiring credit is getting more problematic. As policymakers work on ways to stimulate the economy and strengthen credit markets, small business credit needs should be front and center in the debate. Given the importance of small businesses for job creation and economic strength, the plummeting levels of SBA lending is cause for alarm. Community banks like American Enterprise Bank are well-positioned and prepared to help. We believe the provisions in the Communities First Act and the proposed ICBA economic stimulus package would go a long way in jumpstarting small businesses and our economic growth. Importantly, lenders and borrowers need the SBA program fees to be reasonable. ICBA pledges to work with the Small Business Committee to ensure our Nation's small businesses have the access to capital and credit they need to invest, grow, and to provide jobs and continued economic growth.

I appreciate the opportunity to testify today on behalf of the Independent Community Bankers of America. Thank you.

Summary of Provisions
Communities First Act (CFA)
H.R. 1869 / S. 1405

Title I
Targeted Regulatory Relief for Community Banks

Section 101. Call Reports: Permits highly rated, well-capitalized banks with assets of $1 billion or less to file a short form Call Report in two non-sequential quarters of each year.

Section 102. Sarbanes/Oxley: Exempts insured depository institutions with consolidated assets of $1 billion or less from the provisions of internal control attestation requirements of Section 404 of the Sarbanes Oxley Act of 2002.

Section 103. Small BHCs: Requires the Federal Reserve to revise the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors so that the policy applies to BHCs with pro forma consolidated assets of less than $1 billion and that are not engaged in any nonbanking activities involving significant leverage and do not have a significant amount of outstanding debt.

Section 104. SIPC: Amends Section 9 of the Securities Investor Protection Act of 1970 to provide banks with assets of up to $1 billion with insurance coverage for losses incurred in their own brokerage account if a broker dealer fails.

Section 105. Updated Loans Limits: Allows the Federal Reserve Board discretion to increase the aggregate limit on extensions of credit to insiders up to four times the bank's unimpaired capital, unimpaired surplus and undivided profits for banks with assets up to $1 billion.

Section 106. Community Bank Impact Analysis: Before establishing or making any revision in any regulation, requirement, or guideline, this provision requires the appropriate banking agency to take into account the effect on community banks and savings associations.

Section 107. Shareholder Threshold: Increases SEC shareholder registration threshold to 1,000 from 500.

Title II

Additional Regulatory Relief for Community Banks and their Customers

Section 201. Enhance Customer Capital Access: (1) Directs the Federal Reserve to prescribe regulations authorizing customers who borrow from Federally insured depository institutions to waive the three-day right of rescission, (2) exempts a refinancing with a new lender from the three-day right of rescission where no new money is advanced, and (3) exempts home equity lines of credit from the three-day right of rescission.

Section 202. Bank Secrecy Act CTR Reform: Provides for a seasoned customer exemption from CTR filings and adjusts the CTR threshold for inflation.

Section 203. Privacy Notices: Exempts a bank from the annual privacy notice requirement if the bank does not share customer information other than as permitted by one of the exceptions, and has not changed its policies.

Section 204. Privacy Protection of Consumer Reports: Prohibits a consumer reporting agency from providing another lender with a consumer report where a lender has requested a credit report in connection with a loan application, unless authorized in writing by the consumer.

Section 205. Update Loans to Officers Limits: Increases to $250,000 the special regulatory lending limit on loans to executive officers other than those for housing, education, and certain secured loans.

Section. 206. Reimbursement for Mandatory Production of Records: Requires reimbursement by the Federal government for the production of records for any law enforcement or investigative purpose, modeled after the provision in the Right to Financial Privacy Act.

Section 207. Report on Implementation of Commercial Real Estate Guidance: Requires a GAO report on the implementation of CRE guidance and its effect on local economies, the regulatory burden on banks, community bank portfolios, and community bank market share.

Title III

Tax Relief for Bank Depositors, Rural Banks, Municipalities, Banks Organized and Limited Liability Companies, Individual Savers, and Small Businesses

Section 301. Long-Term CDs: Reduces tax rate and defers income on long-term certificates of deposit. Defers tax recognition of individual interest income on long-term CDs (term of 12 months or more) until maturity and reduces the tax rate to long-term capital gains tax rate.

Section 302. Enhanced Rural Lending: Excludes from taxable income of a bank or savings association, income earned on agricultural real estate loans and mortgage loans in communities of 2,500 or less population. This mirrors exclusion available to the Farm Credit System.

303. Update Tax-Exempt Bond Limits: Increases to $30 million the current $10 million annual issuance limitation for tax-exempt obligations. Cap would be indexed.

Section 304. LLCs: Allows bank, bank holding company, savings association or savings association holding company to be treated for tax purposes as a limited liability company and allows privately-held financial institutions to convert their state or federal charters to an LLC charter in a tax-free transaction.

Section 305. Individual AMT Repeal: Repeals the punitive individual alternative minimum tax.

Section 306. Young Savers Accounts: Permits a Roth IRA account for children under age 25 to encourage early savings.

Section 307. Permanent Section 179 Small Business Expensing: Makes permanent increased limits on small business expensing for equipment.

Title IV

Targeted Tax Relief for Community Banks and Holding Companies

Section 401. Limited Community Bank Credit: Allows banks, bank holding companies, savings associations and savings association holding companies with up to $5 billion in assets that are taxed as C corporations to take a 20% credit against their taxable income up to a cap of $250,000.

Shareholders of financial institutions that are S corporations would be able to exclude 20% of the distributable income from the financial institution up to an aggregate cap of $1,250,000. Also creates a 50% tax credit for financial institutions with up to $5 billion in assets that are operating in distressed communities and/or designated enterprise or empowerment zones, or qualifying New Market Tax Credit Census tracts not to exceed $500,000. Financial institutions that are operating in these areas and that are S corporations would be able to exclude 50% of distributable income not to exceed $2.5 million of income.

Section 402. Community Bank AMT Relief: Repeals the alternative minimum tax for banks, bank holding companies, savings associations and savings association holding companies with assets of $5 billion or less.

Title V
Small Business Subchapter S Reforms

Section 501. Shareholder Limit: Increase shareholder limit for S Corporations to 150 from 100.

Section 502. Qualifying Directors Shares: A banks' qualifying directors' shares not included in the shares counted toward the S Corporation shareholder limit. (Note: Enacted 5/25/2007)

Section 503. Bad Debt Reserve: Provides option to recapture bad debt reserves in first S corporation year or in last C Corporation year. (Note: Enacted 5/25/2007)

Section 504. Preferred Stock: Allows the use of preferred stock for S Corporation banks.

Title VI
Small Business Lending Enhancements

Section 601. SBA Loan Fees: Allows the reduction in Small Business Administration loan program fees on borrowers and lenders commensurate with an appropriation.

Section 602. Low Documentation Loan Program: Permits a low documentation SBA 7(a) loan program for seasoned lenders for loans up to $250,000.

Section 603. Effective Date: Sections 601 and 602 shall take effect October 1, 2007.

Summary of ICBA-Proposed Economic Stimulus Package Measures

- First-Time Homebuyer Tax Credit. One-year, $5,000 federal tax credit for first-time home purchase. Proven incentive that will help sales of 10-month supply of unsold homes and will boost the housing and housing-finance sectors. (Note: Both House and Senate tax committees have passed version of homebuyer tax credit which is advancing as part of second economic "stimulus" package.)

- Extend Work Opportunity Tax Credit. Enhances and extends the employers' WOTC through 2009 to create jobs by encouraging greater hiring of new workers.

- Super SBA Small Business Loan Program. A "low-doc," expedited SBA 7(a) loan program with 85% government guarantee for small business loans up to $250,000 and reduced lender and borrower fees. Will provide greater small business capital in expedited manner to start, or grow a small business and create jobs

- Immediate AMT Relief. Immediate individual AMT relief for tax years 2008, 2009. Will provide tax certainty and prevent additional taxpayers from being swept into punitive Alternative Minimum Tax calculations and payments and increase their after-tax incomes. Notably, AMT relief can be rebated in advance directly to taxpayers. (Note: Senate Finance Committee Chairman Max Baucus (D-MT) and Ranking Member Chuck Grassley (R-IA) advanced AMT fix legislation 4/2008.)

- Immediate Increase in Muni-Bond Threshold. Updates from $10 to $30 million the annual issuance limitation for qualified-tax-exempt-obligations. Will create greater incentives and expedite low-cost funding for local projects such as school construction and other municipal projects. Will assist financially struggling state and local governments.

- Small Business Subchapter S Tax Relief. There are more than 3.5 million Subchapter S businesses in U.S. Will increase the ability to start S corporations or raise needed capital by increasing the shareholder limit to 150 from 100.

- Enhanced Small Business Section 179 Immediate Expensing. Increases allowable Sec. 179 small business immediate expensing base to $250,000 and investment limitation to $800,000 for tax year 2008. Will boost small businesses capital investment in equipment and software and free-up needed cash flow. (Note: Enacted into law as part of first "stimulus" package 2/13/08.)

- Increase SEC Registration Threshold. Immediately increase the SEC registration threshold from 500 to 1,000 shareholders. Will help lift the tremendous dead-weight regulatory cost and burden of SEC registration for the nation's smallest companies. Will prevent costly public-to-private conversions.

- Short Form Call Report. Permit highly-rated, well-capitalized banks with assets of $1 billion or less to file a short form Call Report in two non-sequential quarters for each year. Will free up community lenders' time and resources to focus on community needs.