



July 22, 2010

Dear Senator:

I write today in support of the Senate Amendment 4499, the substitute offered to H.R. 5297, the Small Business Lending Fund Act. This amendment, offered by Sens. Baucus, Landrieu and Reid, will modernize the Small Business Administration (SBA) loan programs and extend important provisions first enacted by the American Recovery and Reinvestment Act. Therefore, **the IFA will consider all votes related to the SBA programs among our annual list of “Key Votes.”**

As the largest and oldest franchising trade group, the International Franchise Association’s (IFA) mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 11,000 franchisee, 1,200 franchisor and 500 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output.

This legislation will increase the maximum loan amounts for the 7(a) programs to \$5 million and for the 504 program to \$5.5 million. Furthermore, this amendment will extend the 90 percent guarantee rate and borrower fee reductions through the end of December 2010. Given the extreme difficulty many aspiring entrepreneurs are facing in this economy, this increase will allow more individuals to get off the sidelines and access to the start-up capital they seek. In IFA’s recent survey of franchise business leaders, nearly half (49.2 percent) indicated that access to capital is the most pressing issue they face in 2010.

Updating and improving the SBA loan programs so that more prospective franchise business owners can obtain the necessary capital will create jobs and help lead our economy on a road to recovery. In fact, according to IFA’s recently updated *Small Business Lending Matrix and Analysis*, for every incremental \$1 billion in lending, franchised businesses can create 40,400 jobs and \$4.2 billion in economic output. Therefore, we believe that larger loan limits will enable franchise small business owners to expand into new markets and help the U.S. create between 450,000 to 650,000 new jobs within the next 12 to 18 months.

The IFA urges you to support Senate Amendment 4499 to H.R. 5297, the Small Business Lending Fund Act, and we will consider all votes on the SBA programs among our annual list of “Key Votes.”

Sincerely,

A handwritten signature in black ink that reads 'David French'.

David French
Vice President, Government Relations