

ROBERT MENENDEZ
NEW JERSEY

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December 3, 2008

Sandy K. Baruah
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Mr. Baruah:

I am writing to urge you to expand eligibility and allow small businesses impacted by the recent credit market turmoil to apply for the Small Business Administration's (SBA) Economic Injury Disaster Loans (EIDL). Small businesses in New Jersey and all around the country are suffering from significant economic injury as a result of the tightening of credit, making this emergency assistance essential for our economic recovery.

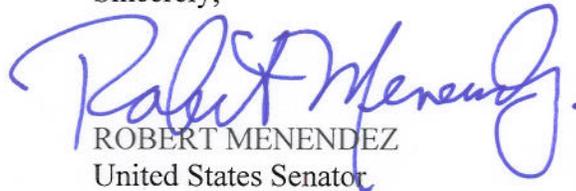
As you know, our nation is currently experiencing an economic crisis unprecedented since the Great Depression. The collapse on Wall Street has turned our credit markets into a state of chaos, causing ripple effects to reverberate through the entire economy. As a result, small businesses are finding it increasingly difficult and often impossible to access the capital they need to continue operating. This lack of access to capital has forced many businesses to lay off workers and reduce inventory purchases, both of which exacerbate the economic downturn.

In order to reverse this trend, we need to ensure small businesses are able to obtain affordable credit. Designed to assist small businesses that suffer economic injury due to disasters, the SBA's EIDL program is the appropriate vehicle to deliver the assistance that is so needed. While the meltdown on Wall Street would not technically qualify as a "natural disaster", the impact is indistinguishable when one considers the sheer magnitude and widespread effect it is having on small businesses and our economy as a whole. That is why I urge you to expand the eligibility for the EIDL program to allow small businesses that have suffered significant injury as a result of the credit market turmoil to apply for EIDL assistance.

The SBA has the authority, resources, and prerogative to make such a determination. Just last month, Congress greatly increased the lending capacity of the SBA's disaster loan program providing almost \$500 million in additional funding. This gave the agency the potential to lend more than \$56.8 billion in emergency loans this year, with \$6 billion still available. With its extensive experience in assisting small businesses after natural disasters, the SBA is well suited to perform this function.

Over the past several months, the Administration has taken unprecedented action to intervene in the economy, lending hundreds of billions of dollars to firms on Wall Street. While I support efforts to do everything possible to stabilize our economy, I believe not enough attention is being paid to average Americans and small businesses on Main Street. Expanding the EDIL program will not only provide much needed assistance to middle class Americans being squeezed, but it will also be a good step towards stabilizing our economy and promoting growth. Thank you for taking the time to consider this proposal. I look forward to your prompt response on this matter.

Sincerely,



ROBERT MENENDEZ
United States Senator