



Department of Banking and Finance

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Nathan Deal
Governor

Robert M. Braswell
Commissioner

September 13, 2011

Secretary Timothy F. Geithner
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Re: Small Business Lending Fund

Dear Secretary Geithner:

On behalf of state-chartered institutions in the State of Georgia, I am writing to you in regards to the approval process for the Small Business Lending Fund (SBLF), which was enacted into law as part of the Small Business Jobs Act of 2010. The intent of the SBLF was to encourage lending to small businesses by providing capital to qualified community banks with assets of less than \$10 billion.

While a large portion of our state-chartered institutions were not eligible to participate in the SBLF program, Georgia had a total of seven state-chartered applications that this Department viewed favorably from the standpoint of participation in the program. It is our understanding that our Federal counterparts also viewed the seven applications favorably. Of the seven applications, Treasury has granted only two preliminary approval notices to Georgia state-chartered institutions. The Department understands that there is no formal appeal process of Treasury's decisions on SBLF applications; however, the Department respectfully requests that the Treasury review the five applicants referenced that were asked to withdraw their applications. The Department has reviewed the Application Review Process White Paper and is unable to determine why these institutions were denied access to the SBLF.

Three of the five applicants are active participants in failed bank acquisitions. Neither the Department nor the Federal Deposit Insurance Corporation would allow for participation in this process if the banks were not operating in a satisfactory condition with favorable trends. Two of our de novo institutions applied for SBLF funds at the holding company level with debt service ability at the holding company level, which would not require dividends from the subsidiary banks. In both instances, the Department indicated in the SBLF application that we would approve both holding companies to pay dividends to the Treasury. One of the holding companies was granted a preliminary approval notice while the other holding company was asked to withdraw its application. The Department is perplexed as to why the decisions on the two holding companies applications were viewed differently by the Investment Committee.

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The Department would greatly appreciate the opportunity to discuss specifics on the applications discussed above with either you or a member of your staff. Thank you for consideration of our request and we look forward to your response.

Sincerely,



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RMB/lmg

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