



Dec. 2, 2011

The Honorable Edmund G. Brown, Jr.
State Capitol Building
Sacramento, CA 95814

Dear Governor Brown:

On Nov. 29, Small Business California President Scott Hauge suggested you convene with banking oversight officials, lenders and the Small Business Administration to address the small business credit crisis and identify potential solutions. We support this suggestion and are writing to encourage swift organization of a meeting to discuss solutions to small business owner's access to capital problems.

Since the pre-recession peak in 2007, banks' loan portfolios have thinned by more than \$47 billion. In addition, a recent Pepperdine poll found just 44.5% of small business owners who sought loans in the past year were able to obtain them. With small businesses creating 65% of all new jobs, they need lawmakers' help if they are going to retain their status as the economy's driving force.

Increased access to credit would allow California small businesses to expand, hire and spur the state's economic recovery. The Pepperdine poll found that increased access to credit in 2012 was the single-most cited policy small business owners said would allow them to grow and create jobs next year. In California, where unemployment is nearly 3 percentage points higher than the national rate, small business lending conditions must be reassessed immediately.

The Federal Reserve Bank's hearings last year uncovered some of the most complex issues that arise when small business owners and banks meet in the lending sphere. California should put these insights to work and start building solutions to our small business credit crisis. We urge you to organize a formal meeting on the issue now to discuss ways to help California small businesses get the loans they need to help rebuild our struggling economy.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer".

John Arensmeyer
Founder & CEO

cc: Mr. Michael Rossi, Senior Jobs Advisor, Office of the Governor