



April 22, 2010

The Honorable Jeff Merkley  
United States Senate  
Washington, D.C. 20510

Dear Senator Merkley:

The National Small Business Association (NSBA) is pleased to support your amendment to the financial regulatory reform bill that would increase the range of credit covered by the *Truth in Lending Act (TILA)*. Reaching 150,000 small firms across the nation, NSBA is the country's oldest small-business advocacy organization.

As you know, for credit other than real-estate secured credit and student loans, *TILA* only covers credit in which the amount financed is less than \$25,000. This artificially-low applicability ceiling has not been changed in decades and would be around \$150,000 if it was merely adjusted for inflation.

It is time for just such an adjustment. The coverage limit should be increased to \$150,000.

The need for increasing this coverage limit is underscored by NSBA's 2009 Small Business Credit-Card Survey (henceforth Survey). More than half (52 percent) of the respondents to the Survey reported having a credit card with a limit of \$25,000 or more—26 percent reported having a card with a limit of \$20,000 to \$29,000, 20 percent reported having a limit of \$30,000 to \$49,000, and 16 percent reported a limit of more than \$50,000.

It is unacceptable that more than half of the credit cards that small-business owners are forced to use to finance their firms—because the issuers of these cards, by and large, no longer make traditional small-business loans—are not provided with protection under *TILA* because the coverage limit has not been increased since 1968.

The U.S. economy is dependent on a thriving small-business community and increasingly this community is dependent on credit cards, which now are the most common source of financing for America's entrepreneurs. Congress should act swiftly to ensure that these cards are not excluded from the sensible protections offered by *TILA* because of its own belated action in addressing the coverage limit.

Most auto loans also are no longer covered by *TILA*'s protections. Innumerable small-business owners purchase trucks and vans for amounts in excess of \$50,000. The price of a new heavy-duty truck cab easily can reach \$150,000, for instance. There is no reason these purchases should be excluded from the protections offered by *TILA*.

We thank you for your leadership on this issue and are pleased to support your amendment to any financial regulatory reform legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd O. McCracken", with a stylized flourish at the end.

Todd O. McCracken  
President