



RESCINDED

Office of Thrift Supervision
Department of the Treasury
Deputy Director, Financial Institutions, Supervision and Consumer Protection
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This rescission applies to the transmitting document only and not the attached interagency guidance. Refer to (OCC 2010-06) for the status of the attached interagency guidance.

February 5, 2010

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM:

Thomas A. Barnes
Deputy Director

SUBJECT:

Meeting the Credit Needs of Creditworthy Small Business Borrowers

This morning, the Office of Thrift Supervision (OTS), the other federal financial regulatory agencies, and the Conference of State Bank Supervisors issued an *Interagency Statement on Meeting the Credit Needs of Creditworthy Small Business Borrower*. The Statement addresses lending to creditworthy small business borrowers in the current economic environment. As an industry dedicated to meeting the needs of the communities they serve, OTS recognizes the critical role savings associations play in providing credit to small businesses and encourages them to continue to serve this important sector of the economy.

The Statement underscores the responsibility of a savings association to understand the long-term viability of the borrower's business, and to focus on the strength of a borrower's business plan, including its plan for the use and repayment of borrowed funds. The savings association should have an understanding of the competition and local market conditions affecting the borrower's business and should not base lending decisions solely on national market trends when local conditions may be more favorable. Further, while OTS expects a savings association to effectively monitor and manage credit concentrations, a savings association should not automatically refuse credit to sound small business borrowers because of the borrower's particular industry or geographic location.

The statement builds upon principles in existing guidance, including the *Interagency Statement on Meeting the Needs of Creditworthy Borrowers*, issued in November 2008, and the *Policy Statement on Prudent Commercial Real Estate Loan Workouts*, issued in October 2009.

For further information, contact William Magrini, Senior Project Manager, Credit Risk Policy, at (202) 906-5744.

Link to: [Interagency Statement on Meeting the Credit Needs of Creditworthy Small Business Borrowers Attachment](#)