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# United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

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December 22, 2011

The Honorable Gene Dodaro  
Comptroller General of the United States  
U.S. Government Accountability Office  
441 G St., NW  
Washington, DC 20548

Dear Mr. Dodaro:

I am writing to request that the Government Accountability Office ("GAO") examine the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) (the "Act") on community banks, credit unions and, consequently, small businesses. While the Act largely exempted about 7,000 community banks and thrift institutions, nearly all of which hold less than \$10 billion in assets, as a former Chair and now Ranking Member on the Senate Small Business and Entrepreneurship Committee, I am concerned about its unintended consequences on community banks, credit unions and small businesses, especially at time when our nation recovers from the worst recession since the Great Depression.

Community banks and credit unions play a prominent role in providing responsible credit and other financial services to small enterprises. By focusing their attention on the needs of the community and its businesses, community banks and credit unions keep local economies vital and growing. Nonetheless, the financial crisis has taken its toll on these financial institutions, especially on community banks which have seen the value of their portfolios decline significantly in recent years. In addition to dealing with the effects of recession, community banks and credit unions must now contend with the collateral effects of the Act that intended to strengthen the oversight of the financial system and big-bank excesses without harming key small financial institutions which did not cause the financial crisis in the first place.

The community bank representatives have testified before Congress that the Act is imposing additional compliance burdens, and as a result, diminishing bank profitability and ability to attract capital, and to support their customers and communities. Given that the implementation of the Act's provisions is ongoing, there is an opportunity to help address these potential negative or unintended consequences for the benefit of community banks, credit unions and their customers.

There are few things as important for a strong economic recovery as ensuring that small businesses have the ability to access credit, make investments and create new jobs. Accordingly, I request that the GAO undertake a review of the impact of the Act on community banks and credit unions [with less than \$10 billion in assets] and consider the following to the extent possible:

- What costs for community banks and credit unions have been identified to date as a result of the Act? What future costs can community banks and credit unions anticipate as a result of the Act?
- What are the benefits of the Act for community banks and credit unions?
- What provisions of the Act have had or will have the greatest impact (both positive and negative) on the ability of community banks and credit unions to provide credit to small businesses and other customers?
- What exemptions or other relief does the Act provide community banks and credit unions to minimize the Act's regulatory burden? What actions, if any, have federal regulators taken (or plan to take) to minimize the regulatory burden of the rules mandated by the Act on these financial institutions?

Lastly, how has the Act impacted small business lending at small financial institution and also those not exempt by the Act?

I appreciate your attention to this request. Please contact Jelena McWilliams on the Senate Small Business Committee at 202.224.7884 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Olympia J. Snowe". The signature is written in a cursive, flowing style.

OLYMPIA J. SNOWE  
Ranking Member