



2009 RECOVERY ACT



HELPING SMALL BUSINESS START, GROW AND SUCCEED

Loan Program Enhancements for SBA Participating Lenders 7(a) Loans

The American Recovery and Reinvestment Act signed by the President on Feb. 17, is an unprecedented effort to jump-start our economy, create or save millions of jobs, and ensure our nation can meet the challenges of the 21st century. SBA's new programs and economic incentives for small businesses and lenders alike will create jobs, and re-start lending and investing in small business. In addition, Treasury is investing up to \$15 billion in securities to jump-start credit markets, unfreeze the secondary market for SBA-backed loans, and get credit flowing through lenders to small businesses.

As a lender, you play a vital role in spurring your community's economic growth. The U.S. Small Business Administration knows guaranteed small business lending can be an important part of your portfolio. If you're not a participating SBA lender, or you're a low-volume participating lender, you may be giving up a competitive edge and missing a chance to help your customers recover and your communities prosper. The Recovery Act provides several temporary incentives for lenders to increase their SBA-backed lending volume, including increased guarantees and reduced fees for certain SBA loans.

How lenders benefit

- Reduced risk – increased guaranty provides greater security and restores confidence.
- A lender may temporarily request up to a 90 percent guaranty for eligible 7(a) loans submitted on or after March 16, under the following programs:
 - Standard 7(a)
 - CLP
 - PLP
 - Small/Rural Lender Advantage
 - Patriot Express
 - Community Express
 - Gulf Opportunity
 - Export Express
- Ability to sell the guaranteed portion of an SBA loan on secondary market will improve lender's liquidity and yield.
- Quick SBA turnaround on loan applications – usually in as little as two to three days.
- Access to E-Tran, SBA's electronic application process.

How the community benefits

- SBA loans finance a variety of projects, from start-up businesses to those needing operating capital, or facilities and equipment to expand.
- SBA loans help build and retain community businesses, creating jobs and stimulating economic activity.

How small business owners benefit

- The temporary elimination of upfront borrower loan fees makes SBA loans more affordable for small businesses that are hesitant to pursue a loan.
- Banks will begin investing in small businesses again, making credit more readily available for those businesses that need it.
- Streamlined applications and fast turnaround by SBA.
- Technical assistance available online and in communities.

For more information go to www.sba.gov/recovery.

All SBA programs and services are provided on a nondiscriminatory basis.