

# Bank Notes

## A Newsletter for Michigan Lenders

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Issue 159

### Implementation of American Recovery and Reinvestment Act

Effective March 16, the SBA will **temporarily raise guarantees** to up to 90 percent on SBA's 7(a) loan program (except for SBAExpress) through calendar year 2009, or until the funds are exhausted. This increase in guarantee levels will help provide lenders with the greater confidence they need to extend credit during the current recession and will mean more capital available to small business owners around the country. Please see SBA Policy Notice 5000-1098 for further details. A link to this notice is at the bottom of this page.

The agency will also **temporarily eliminate fees** for borrowers on SBA 7(a) loans and for both borrowers and lenders on 504 Certified Development Company loans, through calendar year 2009, or until the funds are exhausted. This will mean more capital available to small businesses at a lower cost. The fee elimination is retroactive to February 17, the day the Recovery Act was signed. SBA is developing a mechanism for refunding fees paid on loans since then. SBA Policy Notice 5000-1097 provides more information on this subject. A link to this notice is at the bottom of this page.

Additional information on the Recovery Act is available in SBA's Q & A for SBA participating lenders on pages 2-4 of this newsletter.

Additionally, the President announced yesterday that the Treasury Department will commit up to \$15 billion to help

**unlock the frozen credit markets by purchasing small business loan securities** currently frozen on the secondary market. By purchasing these securities, it will unlock these secondary markets and, in turn, free up more capital to jumpstart lending for small business owners. The SBA has worked closely with the Treasury Department to address the need to unlock these secondary markets for SBA loans.

Attached on pages 5-9 is a release from the White House that provides further details on the efforts to unlock credit for small businesses. This includes standing ready to purchase securities backed by 7(a) loans packaged since last July; standing ready to purchase new 7(a) securities packaged between now and the end of the year; standing ready to purchase securities packaged from 504 first-lien mortgages; and preparing to buy 504 first-lien mortgage securities that receive new SBA guarantees.

This release also includes Treasury Secretary Geithner's call for new reporting requirements on bank lending to small businesses and greater efforts to extend small business loans.

If you have any questions, you may contact our office. Or, you can still register for the Michigan SBA Lenders' Conference this Friday. A link to this conference is at the bottom of this page.

Michigan SBA Lenders' Conference: [www.sba.gov/idc/groups/public/documents/mi\\_detroit/mi\\_lenderconf2.pdf](http://www.sba.gov/idc/groups/public/documents/mi_detroit/mi_lenderconf2.pdf)  
Policy Notice 5000-1097: [http://www.sba.gov/idc/groups/public/documents/mi\\_detroit/sba\\_027074.pdf](http://www.sba.gov/idc/groups/public/documents/mi_detroit/sba_027074.pdf)  
Policy Notice 5000-1098: [http://www.sba.gov/idc/groups/public/documents/mi\\_detroit/sba\\_027075.pdf](http://www.sba.gov/idc/groups/public/documents/mi_detroit/sba_027075.pdf)

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