



News Release

PRESS OFFICE

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Statement from Administrator Mills on Continuing Support for Small Businesses through SBA Recovery Programs

WASHINGTON – SBA issued the following statement today from Administrator Karen Mills regarding efforts to ensure continued funding for two key provisions in the American Reinvestment and Recovery Act (ARRA) of 2009:

“SBA’s most popular ARRA provisions - the increased guarantee and reduced fees in the two largest lending programs - have helped engineer a significant turnaround in SBA lending. Continuing those ARRA provisions is SBA’s top priority. Through the original \$375 million and the additional \$125 million appropriations for these two provisions, SBA has supported more than \$20 billion in lending to small businesses across the country and seen its average weekly loan volume increase by nearly 90 percent since February 2009. Through ARRA we brought nearly 1,100 lending institutions back to the SBA’s programs that had not made an SBA loan since at least 2007. All told, these steps have benefitted tens of thousands of small businesses and supported hundreds of thousands of jobs during these tough economic times. However, we know there is still more work to be done. As the President has requested, we will continue to work with Congress to extend these programs through September 2010.

“The additional \$125 million appropriation approved in December to extend SBA’s 7(a) loan guarantee to 90 percent and reduce or eliminate borrower fees on both the 7(a) and 504 loans will be used faster than expected. Loan volume has surged since earlier this week when an Information Notice was released to lenders. SBA communicated with its lending partners today that it will re-activate the Recovery Loan Queue no later than Monday, Feb. 22. The Queue is an efficient and transparent process that will ensure that every remaining dollar possible is made available to help small businesses drive economic recovery across the country.

“The SBA advocates for small businesses across the federal government and will continue its efforts to keep America’s small businesses on a path to recovery and long-term success. Small businesses are a central piece of President Obama’s Jobs Plan because they have been and will continue to be a key engine for job creation across the country. With that in mind, President Obama laid out an aggressive agenda for providing small businesses with the support they need to create jobs and drive economic recovery. That agenda includes proposals in three key areas: expanding access to capital; providing tax incentives to encourage job creation; and maximizing the potential of innovative, high-growth companies.”

(more)

SBA's ARRA Programs:

SBA received \$730 million in ARRA to support economic recovery programs for small businesses. Included in the appropriation was \$375 million to support raising the government guarantee to 90 percent on SBA's 7(a) loans and reducing some lender and borrower fees on its 7(a) and 504 loans, the agency's two largest lending programs. The funds for these popular provisions ran out in November 2009. SBA received an additional \$125 million appropriation in December 2009 along with authority to continue both of the programs through February.

SBA's 7(a) and 504 ARRA Transition Plan:

SBA is in the process of finalizing the plan for transitioning its 7(a) and 504 programs back to their pre-ARRA terms and communicating those plans with its lending partners. This plan, when implemented, will include re-activating the Recovery Loan Queues no later than Monday, Feb. 22, 2010. The Queues will operate in the same manner as when originally implemented in November 2009. Sometimes previously approved loans are later cancelled or never disbursed for a variety of reasons.

The Queues take this into account and beginning on the transition date will allow eligible small businesses, in consultation with their lenders, to choose to be placed in the queue for possible approval for an ARRA loan if funding becomes available. Small business owners and lenders will have transparent access to the queue via www.sba.gov/recoveryq and will be able to remove themselves from the queue at any time to be considered for a non-ARRA SBA loan with all applicable fees and, for 7(a) loans, standard guaranty levels.

The authorization for the 90 percent guarantee on 7(a) loans ends Feb. 28, 2010, though funds may be exhausted sooner. Furthermore, applications in the Queues after Feb. 28, 2010 will only be eligible for decreased or eliminated borrower fees when funds become available.

To learn more about SBA's ARRA programs and other resources for small businesses, please visit www.sba.gov.

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