



NEWS RELEASE

WEST VIRGINIA DISTRICT OFFICE

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FOR IMMEDIATE RELEASE

Big Increase in West Virginia Loan Volume *Loan Volume and Dollar Amount Rise Significantly*

CLARKSBURG, W.Va. – U.S. Small Business Administration (SBA) lending in West Virginia increased significantly in the first quarter of the federal government’s 2010 fiscal year ending December 31, 2009. Compared to the first quarter of 2009, the total number of SBA loans increased 79 percent from 24 to 43 and the dollar volume of lending increased a 367 percent from \$2.3 million to \$10.7 million.

The increase in the number of loans offers no conclusive evidence of a fundamental shift in the lending environment, but is not unique to West Virginia and may be reflective of the impact economic stimulus efforts are having in the marketplace. In West Virginia, year-to-year data shows that SBA lending contracted 29 percent in fiscal year 2009 from 2008 levels. During that period, the number and value of loans dropped from 216 loans valued at \$29.7 million to 154 loans valued at \$23.4 million.

West Virginia SBA Director Judy McCauley stated the increase can be attributed to the \$730 million the SBA received under the American Recovery and Reinvestment Act (ARRA) to help unlock the small business lending market to get capital flowing again to the small business community. The ARRA allowed SBA to eliminate loan guaranty fees for borrowers and increase the guaranty to lenders up to 90 percent, which reduces their risk.

One West Virginia lender has used Recovery Act funding to drastically increase their small business lending. Main Street Bank, headquartered in Wheeling, W.Va. made a 5 SBA guaranteed loans in FY08. Once the Act was signed in February of 2009, their SBA loan output has risen to 26 in FY09 and has made 18 SBA backed loans in just the first quarter of FY10. These 18 loans equate to 98 jobs being retained or created.

McCauley also believes another reason behind the increase is purely economic. “With the downturn in the economy, many people find themselves unemployed and often turn to entrepreneurship as a means to make a living. Lenders and small businesses turn to the resources provided by the SBA as a viable source for financing and counseling.”

Nationally, the total volume of SBA loans approved during the first quarter of fiscal year 2010 is up 95.3 percent from the same period the previous year (FY09). Similarly, SBA loans approved in the first quarter of FY10 are up 17.3 percent from the same period in FY08.

Since the Act was signed, SBA has approved \$33.9 million in West Virginia which provided 186 small businesses with much needed funding.

Federal legislation has enabled the SBA to increase most guarantees to 90 percent and waive most borrower fees on 7(a) and 504 loans until February 28, 2010. The Administration is working with Congress to extend these conditions through the remainder of the Fiscal Year (September 30, 2010).

A list of SBA approved lenders in West Virginia can be found on the West Virginia District Office's web site at http://www.sba.gov/idc/groups/public/documents/wv_clarksburg/wv_lenders.pdf.

Individuals wanting to start a small business or those already in business can take advantage of the SBA's West Virginia District Office technical assistance resource partners which include: the West Virginia Small Business Development Centers, SCORE Chapters, and the Women's Business Center. A list of available sources of counseling and training is located at <http://www.sba.gov/localresources/district/wv/counselingt/index.html>.

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All SBA programs are extended to the public on a non-discriminatory basis.