



News Release

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SBA Recovery Lending Extended Through May

Administrator Mills presses for longer-term extension for successful programs

WASHINGTON – President Barack Obama signed legislation yesterday providing \$80 million in additional funding to continue important enhancements in the U.S. Small Business Administration’s two key small business loan programs. The enhancements, first made available under the American Recovery and Reinvestment Act, include a higher guarantee on some SBA-backed loans and small business fee relief.

The SBA estimates the \$80 million will support about \$2.8 billion in small business lending under the 7(a) and 504 programs.

“Small businesses across the country have been able to secure critical financing as a result of the Recovery Act loan provisions and the continued interim funding we’ve received for the program,” said SBA Administrator Karen Mills. “The increased guarantees and reduced fees on SBA loans have generated more than \$25 billion in new loans to small business owners and brought more than 1,200 lenders back to SBA loan programs. In fact, the first two quarters of the current fiscal year have been our best two opening quarters ever for the 7(a) program, with more than \$7 billion in guaranteed loans. These programs have been successful in helping jump-start our economy, which is why we will continue to work with Congress on a longer term extension of the increased guarantee and reduced fees.

“We also know that small businesses could greatly benefit from the additional tools the President has proposed, including higher SBA loan limits and refinancing for commercial property mortgages, which could help thousands of small businesses avoid potential foreclosure. Small businesses need these improvements to ensure their access to the capital they need to drive economic growth and create jobs in communities all across the country.”

As part of the Recovery Act enacted on Feb. 17, 2009, SBA received \$730 million to help small businesses, including \$375 million to increase the SBA guarantee on 7(a) loans to 90 percent and to reduce borrower fees on most 7(a) and 504 loans. The funds for these programs were exhausted on Nov. 23, 2009, and an additional \$125 million was provided in December. Those funds were exhausted in late February, 2010, and an additional \$60 million was provided subsequently. SBA was authorized for an additional \$40 million in late March.

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Under the new extension SBA may continue to reduce loan fees in its 7(a) and 504 programs and to provide higher guarantee levels on 7(a) loans through May 2010, or until the funds provided under the bill are exhausted.

This extension has no effect on the continued availability of financing under other SBA Recovery Act programs, including SBA's America's Recovery Capital (ARC) loan program and the agency's Microloan program. Recovery Act funding still remains available for both of those programs.

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