



News Release

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New Jobs Hinge on SBA 504 Loans Being Approved

McLEAN, VA – With the \$375 million in stimulus funds exhausted at the Small Business Administration as of November 24, 2009, a loan queue now exists for the hundreds of small businesses who applied for loans under the temporary elimination of SBA 504 loan fees as part of the American Reinvestment and Recovery Act. After making the leap of faith in economic recovery, these entrepreneurs are now anxiously waiting to see if any funds remain to cover their loan fees. The businesses, now in the approval queue, represent the very companies who could be adding valuable jobs to their communities if they had access to capital.

Certified Development Companies (CDCs) are the conduit between the SBA and the small business borrowers who obtain SBA 504 loans. SBA 504 loans provides long-term, fixed rate financing for commercial real estate and fixed equipment, and have funded nearly \$40 billion in loans to growing small businesses over the past 23 years.

CDCs have been working with a growing number of small business owners over the past several months who are finally feeling confident enough in the economy to expand. In fact, for the week ending November 27, 2009, SBA 504 loan volume was up thirty five percent over the same period last year. However, small businesses that were not in a position to submit their final application prior to November 24, 2009, are now waiting in line to invest in the future of their companies.

The nation's CDCs join President Obama and the many voices across the country calling on Congress to extend the fee elimination on SBA loans to enable small businesses to expand and add vital jobs in the coming months. NADCO, the trade association representing the country's CDC industry, actively supports an extension of stimulus incentives for small business. We also applaud the Administration's proposal to increase the maximum loan amount from \$2 million to \$5 million per borrower. Since the SBA 504 program runs at zero cost to the government, it will cost nothing to offer businesses more credit through this effective and efficient program.

As pointed out by NADCO Chair, Jean Wojtowicz, "Business credit is always a risk, but when used wisely, responsible credit can help fuel the economic recovery."

With the success of the stimulus legislation now apparent, Congress needs to take steps to keep the momentum of small business lending going. We owe it to America's small businesses and we owe it to the nation now.

From Christopher L. Crawford, President/CEO, National Association of Development Companies, McLean, Virginia.

About the National Association of Development Companies (NADCO):

Created in 1981, the National Association of Development Companies is the trade association for America's Certified Development Companies (CDCs). Certified by the U.S. Small Business Administration, CDCs are community-based economic development organizations that serve their local communities and states, and are dedicated to the promotion of small business expansion and job creation through SBA's 504 Loan Program. In addition to the 504 program, many CDCs also provide small businesses with access to other Federal, state and local economic development loan programs. These programs provide both long and short term funding for borrowers.

Based in the suburbs of Washington, D.C., NADCO provides legislative and regulatory support for the 504 Loan Program on behalf of CDCs, the program's lending partners (including first mortgage lenders, attorneys and others allied to the industry), and 504 small business borrowers. For more information, please call (703) 748-2575 or visit www.nadco.org.

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