



News Release

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Statement from Administrator Mills on Urging Continued Support for Small Businesses' Recovery Loan Programs

Queue Activated as SBA Presses for Longer Term Funding

WASHINGTON – U.S. Small Business Administration Administrator Karen Mills today issued the following statement regarding efforts to ensure continued funding for two key provisions first implemented as part of the American Reinvestment and Recovery Act (ARRA) of 2009:

“Two key enhancements to SBA’s loan programs – increased guarantees and reduced fees in our two largest lending programs – have engineered a significant turnaround in SBA lending and been successful in helping jump-start our economy for small businesses. To date, these programs have supported more than \$27.5 billion in lending to more than 60,000 small businesses across the country. They have also brought more than 1,300 lenders back to SBA’s loan programs, increasing the points of access for small businesses to get the capital they have needed during these tough economic times.

“Due to the heavy demand from small businesses for available credit, the original \$375 million provided under the ARRA for these loans was exhausted in November. Since then, additional funds have been provided for short-term extensions, and those funds, too, have been exhausted. As a result, today we communicated to our lending partners that we have reactivated the Recovery Loan Queue. The queue is an efficient and transparent way to ensure that every remaining dollar possible is made available to help small businesses drive economic recovery across the country.

“Small businesses are a key engine for job creation across the country. With that in mind, President Obama has laid out an aggressive agenda for providing small businesses with the tools they need to drive economic growth. A key piece of that agenda is a longer-term extension of these increased guarantees and reduced fees, and we urge Congress to move quickly to continue these critical programs.”

SBA’s ARRA Programs:

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

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funds were exhausted in late February. An additional \$60 million was provided to extend the programs through March. SBA was authorized for an additional \$40 million in late March, and an additional \$80 million was provided in mid-April to support the programs through May 31.

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

SBA has transitioned 7(a) and 504 programs back to their pre-ARRA terms and communicating those plans with its lending partners. As part of this plan, SBA has reactivated its Recovery Loan Queue today. The queue 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, and the funds committed to those loans can be applied to applications in the queue. The queue takes 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 once again 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 on May 31, but the authorization for fee waivers is in place through September 2010.

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

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