



SCKEDD

South Central Kansas Economic Development District

200 W. Douglas, Suite 710
Wichita, Kansas 67202

Messenger

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Update on the Recovery Act

Since the President signed the American Recovery and Reinvestment Act (Recovery Act) the U.S. Small Business Administration (SBA) has implemented new programs to get credit flowing again and has several more on the way that will help small businesses weather this economic storm, and ultimately continue to grow and create jobs.

First and foremost, SBA enhanced their top two loan programs—7(a) and 504—which have so far resulted in \$4.3 billion in new loans for small businesses. The SBA temporarily eliminated fees for borrowers on its 7(a) loans and for both borrowers and lenders on its 504 loans. The SBA also, temporarily, raised the guarantee on most of its 7(a) loans to as much as 90 percent, up from 75-85 percent. In this short time, there has been a 30 percent increase in average weekly loan dollar volume compared to the weekly average before the passage of the Recovery Act.

June 15, SBA launched the America's Recovery Capital—ARC—loan program. The ARC loans will provide a "bridge" for many small businesses to the better economic times ahead. This program provides loans of up to \$35,000 to viable, but struggling small businesses to help them make debt payments. ARC loans are interest free to the borrower, deferred repayment loans, which are 100 percent guaranteed by the SBA. The SBA makes the interest payments to the bank.

Source: Article by Wisconsin SBA District Director, Eric Ness, in News and Views, the Wisconsin District Office newsletter.

7(a) Fees and 504 Fees Effective on October 1, 2009 (SBA Notice 5000-7123)

For 504 loans approved on or after October 1, 2009, the "Annual Fee" paid by borrowers on an ongoing basis to SBA will be increased from zero percent to 0.389 percent (38.9 basis points) of the outstanding balance of the 504 loan. The 504 Annual Fee is imposed under Section 503(b)(7) of the Small Business Investment Act.

All other fees in the 504 loan program will be the same as for FY 2009, including the one-time guaranty fee that SBA is authorized to charge under Section 503(d)(1) of the Small Business Investment Act (which remains at zero).

Fees for 7(a) and 504 loans made under the American Recovery and Reinvestment Act will continue to follow the policies in the Federal Register Notices of June 8, 2009 (Business Loan Program Temporary Eliminations/Reductions in Fees, 74 FR 27196) (Business Loan Program Temporary Increased Guaranty Percentage, 74 FR 27199).

(See Chart of 504 Loan Fees on Back Page)

CONTACT SCKEDD TODAY!

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WE'VE MOVED!
SCKEDD's new
offices are at
200 W. Douglas,
Suite 710,
Wichita, KS
67202.

*Our phone and
fax numbers
remain the same.*

Monthly Rate Corner

504 Rates based on the Sept. 2009 Debenture Sale

	<u>"Note Rate"</u>	<u>"Effective Rate" (includes fees)</u>
10-Year	3.196%	4.256%
20-Year	4.265%	5.143%

Chart of 504 Loan Fees

APPROVAL DATE	BORROWER GUARANTEE FEE	MINIMUM CDC SERVICING FEE	THIRD PARTY LENDER PARTICIPATION FEE
FISCAL YEARS			
1997	(0.875%)	FIVE-EIGHTHS OF ONE PERCENT (0.625%)	ONE-HALF OF ONE PERCENT OF SENIOR LIEN \$ (0.50%)
1998	(0.775%)		
1999	(0.729%)		
2000	(0.600%)		
2001	(0.472%)		
2002	(0.410%)		
2003	(0.425%)		
2004	(0.393%)		
2005	(0.288%)		
2006	(0.192%)		
OCTOBER 1, 2006 THRU SEPTEMBER 30, 2007	18/1000 OF ONE PERCENT (0.018%)	FIVE-EIGHTHS OF ONE PERCENT (0.625%)	ONE-HALF OF ONE PERCENT OF SENIOR LIEN \$ (0.50%)
OCTOBER 1, 2007 THRU SEPTEMBER 30, 2008*	21/1000 OF ONE PERCENT (0.021%)	FIVE-EIGHTHS OF ONE PERCENT (0.625%)	ONE-HALF OF ONE PERCENT OF SENIOR LIEN \$ (0.50%)
OCTOBER 1, 2008 THRU SEPTEMBER 30, 2009*	ZERO (0.000%)	FIVE-EIGHTHS OF ONE PERCENT (0.625%)	ONE-HALF OF ONE PERCENT OF SENIOR LIEN \$ (0.50%)
OCTOBER 1, 2009 THRU SEPTEMBER 30, 2010*	389/1000 OF ONE PERCENT (0.389%)	FIVE-EIGHTHS OF ONE PERCENT (0.625%)	ONE-HALF OF ONE PERCENT OF SENIOR LIEN \$ (0.50%)

*SBA Guarantee Fee of .005 of Net Debenture Proceeds goes to \$0.00.

Source: National Association of Development Companies website (www.nadco.org).