

## SBA Recovery Lending Programs Extended

Legislation was signed Tuesday, March 2, that extended until March 28 the U.S. Small Business Administration's ability to provide small business loans that are enhanced with special provisions of the American Recovery and Reinvestment Act (ARRA), including a higher guarantee of SBA-backed loans and a waiver of loan fees normally paid by borrowers. SBA estimates the additional funding will support about \$1.8 billion in small business lending.

New approvals of eligible loans with the higher guarantee and reduced fees made possible by the Recovery Act were expected to resume on March 10. Loan applications from borrowers in SBA's Recovery Loan Queue will be funded first, followed by new loan applications.

The extension authorizes the higher guarantee levels through March 28, 2010, for 7(a) loans. The fee relief is available until the additional funding is exhausted or the end of the fiscal year on Sept. 30, whichever comes first. As was the case in November and again in February, SBA is prepared to transition into a queue system as the funds start to wind down in order to ensure the maximum simulative effect of the programs and disbursement of funds.

As part of the Recovery Act, SBA received \$730 million, which included \$375 million to increase the SBA guarantee on 7(a) loans to 90 percent and to waive borrower fees on most 7(a) and 504 loans. The funds for these programs were exhausted on Nov. 23, and an additional \$125 million was provided in December. Those funds were exhausted in late February.

SBA has implemented the Recovery Loan Queue twice before as part of its temporary transitions back to pre-Recovery Act lending. Eligible small businesses, in consultation with their lender, could choose to be placed in the queue for possible approval of a Recovery Act loan if funding became available from loans canceled for a variety of reasons. Currently there are 652 loan requests totaling \$230 million in the Recovery Loan Queue.

For non-Recovery Act 7(a) or 504 loans already funded during the transition period, this extension does not provide a retroactive guarantee or waived fees. Loans that were funded under non-Recovery Act terms cannot be canceled and resubmitted to take advantage of the Recovery Act extension provisions.

*Information for this article was obtained from the SBA News Release numbered 10-06 dated March 4, 2010.*

### CONTACT SCKEDD TODAY!

**316-262-7035, 800-326-8353, [sandy@sckedd.org](mailto:sandy@sckedd.org)**

Your SCKEDD 504, 7(a) and ARC Team is:

*Sandy Ring, Program Manager*

*Julie Baker, Development Coordinator*

*Daniel Crook, Development Coordinator*

*Jane Johnson, Administrative Assistant*

Phone—316-262-7035

Fax—316-262-7062

E-mail—[sandy@sckedd.org](mailto:sandy@sckedd.org)

Website—[www.sckedd.org](http://www.sckedd.org)

## Monthly Rate Corner

504 Rates based on the March 2010 Debenture Sale

	<u>"Note Rate"</u>	<u>"Effective Rate"</u> <u>(includes fees)</u>
10-Year	2.968%	4.602%
20-Year	4.255%	5.605%