

SBA LENDER'S NEWSFLASH #09-08



Leon Milobar, Nebraska District Director
(402)221-3620 or leon.milobar@sba.gov
Michael Niehaus - Lead Lender Relations Specialist
(402)221-7210 or michael.niehaus@sba.gov

SBA's Economic Stimulus Plan

The SBA Nebraska District Office is excited that the American Recovery and Reinvestment Act makes SBA part of the solution to our economic crisis. The act provides us with specific tools to make it easier and less expensive for small business to get loans.

Although it will be a few weeks before this bill is put into affect, we do want you to be aware of some very important elements of this new plan. The following are some of the changes you can look forward to:

Reduced fees, 90 Percent Guarantee

The bill provides SBA with \$375 million to temporarily reduce or eliminate loan fees for borrowers and/or lenders in its 7(a) guaranteed loan program and the 504 Certified Development Company loan program. The bill also allows SBA to raise its loan guarantee from the current levels to as much as 90 percent.

Refinancing

The bill also gives SBA the power to use the 504 Certified Development Company program to refinance existing loans for fixed assets, providing fresh support for small business expansion.

Business Stabilization Loans

The bill authorizes SBA to establish a loan program to provide 100 percent guarantees on deferred-payment, loans to viable small businesses that have a qualifying small business loan and are experiencing immediate financial hardship. The loans can be up to \$35,000, and are to be used to make payments on an existing loan for up to six months. Repayment would not have to begin until 12 months after the loan is disbursed. The Act provides \$255 million for this new program.

www.sba.gov/banking

Released February 20, 2009