



NEWS

RELEASE

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SBA BACKS FINANCING FOR INDEPENDENT FILMMAKERS

WASHINGTON – Partnership agreements signed today by U.S. Small Business Administration (SBA) officials will open up new possibilities for funding independent films produced in the United States.

Aida Alvarez, Administrator of the SBA, signed a partnership agreement with Marcie Setlow, President of New York Women in Film & Television (NYWIFT) at the group's luncheon in New York City. Meanwhile, in Los Angeles, the identical agreement was signed by SBA District Director Alberto Alvarado with representatives of two organizations that promote the film industry. Selise E. Eiseman, Program Director, signed on behalf of Los Angeles Women in Film. Barry C. Collin, president of the Independent Feature Film Producers, also signed the agreement.

“These partnerships herald a new relationship between SBA and the film industry,” said Administrator Alvarez. **“It will help small, independent film makers obtain much needed assistance to fund projects that might otherwise be abandoned or taken out of the country to produce at lower costs. These are U.S. dollars lost in wages, goods and services that normally would have been purchased from small businesses.”**

According to a 1999 study by the Screen Actors Guild and Director's Guild of America, the loss to the American economy of producing these films in Canada and Australia was over \$10 billion in 1998. **“The SBA looks forward to working with various state governments in helping to promote independent films and generate jobs in the U.S. related to the film industry,”** said Alvarez.

Since last spring, the SBA, particularly through its Los Angeles District Office, has been working to identify ways that the agency can assist independent film makers and the other small businesses that support them. **“There is a vast, untapped potential of creative energy and ideas that could be unleashed with the help of the SBA,”** Alvarez said. **“And this is only the beginning of the kinds of creative projects and products that could be eligible for SBA backing.”**

A crucial element of this loan project establishes intellectual property as eligible collateral to secure SBA guaranteed loans. This opens the door to funding for businesses involved in the creation of similar products or services to their clients, customers or audience, such as software, client databases, and business-to-business services.

“This SBA-backed break-through financing will help many good ideas come to fruition that may have otherwise been lost,” said Administrator Alvarez.

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NOTE: Attached is an SBA fact sheet about the loan project. The 1999 SAG and DGA study is available on line at http://www.dga.org/news/pr_runaway.pdf

Additional information about SBA's programs and services is available at SBA's Web site: <http://www.sba.gov> or by calling the SBA's Answer Desk at 1-800 U ASK SBA..

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SBA LOAN PROJECT FOR INDEPENDENT FILMMAKERS

- The project is designed to keep production of small, independent films at home, ending the exodus of U.S. film production to other countries for financial reasons.
- In 1998 “runaway productions” cost the U.S. economy \$10.3 billion in lost revenue and wages (Monitor Company, June 1999). These independent films for which financing was found were produced in Canada and Australia at an average savings of 25 percent below U.S. production costs.
- The project establishes intellectual property as eligible collateral to secure SBA guaranteed loans.
- Loans requested under this project will be funded according to the rules and provisions of the SBA’s 7(a) guaranteed loan program. The agency’s largest loan guarantee program last year provided 43,748 loan guaranties for a record \$10.52 billion in small business start-up or expansion capital.
- Films must meet community standards and cannot be of “prurient sexual nature” nor advocate any particular religious or political doctrine.
- In our new economy more and more small businesses are offering creative products or services to their clients, customers or an audience, such as software, client databases, business-to-business services, film and television productions.
- In Los Angeles last spring, “The Gristle” became the first-ever independent film to be produced with partial funding from an SBA-guaranteed loan. Two other loans for west-coast productions are in process.
- Founded in 1978 and boasting a membership of 1,100, NYWIFT is a non-profit organization dedicated to helping women reach the highest levels of achievement in film, television and other programming media.
- The processing and underwriting of these loans requires an understanding of the unique risk associated with film financing. Such loans will only be processed by lenders familiar with these requirements. For more information on this financing project, call the local SBA District Office in your state. That phone number is available by calling 1-800-U ASK SBA (1-800-827-5722).