



2009 RECOVERY ACT



HELPING SMALL BUSINESS START, GROW AND SUCCEED

SBA Seeks Microlenders for Expanding Program

Microlending will play an increasingly important role in the economic recovery of the small business sector, as entrepreneurs identify lending opportunities from new sources. SBA is seeking experienced microlending organizations to join its microloan program. The American Recovery and Reinvestment Act provides an additional \$50 million in loans and \$24 million in technical assistance through September 2010.

Helping business owners start and grow successful enterprises is the goal of the SBA's Microloan Program. Microloan borrowers represent a cross-section of those who do not meet traditional lending requirements in urban, suburban and rural communities including women, low-income individuals, and minority entrepreneurs who need small amounts of financial assistance.

Why partner with SBA?

SBA's Microloan Program supports microlenders in two primary ways:

- Flexible, low-cost capital:
 - Microlenders can receive up to an aggregate of \$3.5 million in SBA debt financing, with up to \$750,000 available in the first year. Loans they provide to microborrowers must be:
 - Less than or equal to \$35,000
 - Used for working capital and acquisition of materials, supplies, furniture, fixtures and equipment
 - SBA's interest rate to microlenders is based on the 5-year Treasury rate, with adjustments tied to a microlender's average loan size
 - SBA's interest rate, updated on a monthly basis, is currently 0 or .5 percent.
- Financial support for technical assistance:
 - SBA reimburses microlenders for technical assistance-related costs, including staff, classroom training and occupancy costs. SBA's reimbursement is capped at 25 percent of the microlender's outstanding SBA loan portfolio.

Who can be an SBA Microlender?

Organizations interested in becoming SBA microlenders must meet the following criteria:

- Organizational status:
 - Private, non-profit community development organizations (501c status), quasi-governmental economic development corporations or agencies established by Native American tribal governments are eligible.
- At least one year of microlending experience:
 - Making and servicing short-term, fixed-rate loans of not more than \$35,000 to newly established or growing small businesses
 - Providing technical assistance to borrowers.
- Matching requirements from non-federal sources:
 - 15 percent of any loan received from SBA (cash only)
 - 25 percent of an SBA technical assistance grant (cash or in kind).

How to become an SBA Microlender

For more information on SBA's Microloan Program, please visit www.sba.gov/services/financialassistance/sbapartners/microloan. For information on how to become an SBA microlender, please email microloans@sba.gov or call 202-205-6485.