



News Release

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Contact: David J. Hall (202) 205-6697

Internet Address: <http://www.sba.gov/news>

Recovery Act Expands SBA Microloan Program

New Intermediaries Will Provide Greater Access to Capital for Entrepreneurs

WASHINGTON – With the American Recovery and Reinvestment Act funding an additional \$50 million for loans and \$24 million for technical assistance, the U.S. Small Business Administration is expanding its Microloan program and increasing access to capital for small businesses across the country.

The program is shifting to funding provided under the Recovery Act now that it has exhausted the regular FY 2009 appropriations for \$20 million in loans and \$20 million in technical assistance.

With the additional resources, SBA is focused on adding new lenders and encouraging entrepreneurs to seek out SBA-backed microlenders to finance their businesses.

“SBA’s Microloan program provides a critical source of capital for entrepreneurs, including women, low-income individuals and minorities, who often have difficulty obtaining capital to start and grow their businesses,” said SBA Administrator Karen G. Mills. “With these resources, we can put more entrepreneurs and small business owners in a position to succeed and create jobs that will in turn help drive our nation’s economic recovery.”

Since the Recovery Act, SBA has approved eight new applications from lenders to join the Microloan program, and has 15 new loans to microlenders for \$10.7 million in Recovery Act funds ready to be disbursed. Of the 15, eight are for new microlenders.

The approved new microlenders are: Vermont Community Loan Fund, Inc. of Montpelier, Vt; Neighborhood Development Center of Saint Paul, Minn.; Cen-Tex Certified Development Corp. of Austin, Texas; The Emperor Organization of Tallahassee, Fla.; Staunton Creative Community Fund, Inc. of Staunton, Va.; Lane MicroBusiness (d.b.a. eDev) of Eugene, Oregon; FINANTA (American Street Financial Ser.) of Philadelphia, Pa; and Accion USA, Inc. of New York, N.Y.

SBA’s Microloan Program supports microlenders by providing them with up to \$3.5 million in low-cost loans from SBA to finance their lending to small businesses. SBA’s interest rate to microlenders is based on the five-year Treasury rate, with adjustments tied to a microlender’s average loan size.

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Microlenders use the SBA funding to provide loans of up to \$35,000 to entrepreneurs, which can be used for working capital and acquisition of materials, supplies, furniture, fixtures and equipment.

SBA also provides grant funding to microlenders to finance technical assistance and counseling programs for their borrowers, including staff, classroom training and occupancy costs. SBA's reimbursement is capped at 25 percent of the microlender's outstanding SBA loan portfolio.

Organizations interested in becoming SBA microlenders must meet specific criteria in terms of organizational status, microlending experience and matching requirements from non-federal sources. For more information, please visit: www.sba.gov/services/financialassistance/sbapartners/microloan, email microloans@sba.gov, or call 202-205-6485.

Entrepreneurs who wish to learn about the Microloan program can visit: <http://www.sba.gov/services/financialassistance/sbaloantopics/microloans/index.html>.

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