



News Release

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Recovery Loan Incentives Spurred Continued Rebound in SBA Lending in FY2010

Agency supported more than \$22 billion in small business loans

WASHINGTON – Loans guaranteed by the U.S. Small Business Administration to small businesses and entrepreneurs continued to rebound in fiscal year 2010 as a result of the successful loan enhancements first put in place under the American Recovery and Reinvestment Act of 2009 and extended last week in the Small Business Jobs Act of 2010.

In fiscal year 2010, SBA supported more than \$22 billion (54,833 loans) in lending to small businesses through its two largest loan programs, compared to more than \$17 billion (47,897 loans) in fiscal year 2009. The average weekly loan volume for fiscal year 2010 was \$333 million, which was a 29 percent increase over the average weekly loan volume of \$258 million for fiscal year 2009.

“SBA-backed lending continued the rebound started in fiscal year 2009 as a result of the fee reductions and higher loan guarantees made available last year under the Recovery Act,” SBA Administrator Karen Mills said. “The success of these loan enhancements has meant tens of thousands of small businesses have been able to get the capital they needed to not just survive the recession, but to grow and create much-needed jobs in communities all across the country.

“There is still work to do, however. We know small businesses are still facing challenges when it comes to getting loans, and that’s why it is important that these loan enhancements were extended last week in the Small Business Jobs Act, which gives SBA the resources to approve another \$14 billion in small business lending.”

November 2009 represented the highest single month loan volume in fiscal year 2010, with \$2.18 billion in loans. This was also the highest single month loan volume SBA has seen since September 2002, which was \$2.34 billion.

SBA Recovery Lending in FY2009 and FY2010:

Under the Recovery Act, signed on Feb.17, 2009, SBA was able to raise the guarantee on its 7(a) loans to 90 percent and waive fees on both its 7(a) and 504 loans. These Recovery enhancements drove a significant rebound in SBA lending in 2009 and 2010.

As a result of the credit crunch, SBA lending saw a significant decline in fall 2008 and early 2009. For the seven weeks prior to the Recovery Act being signed, SBA’s average weekly dollar

volume was \$172 million. The average weekly dollar volume from the time the Recovery Act was signed, until funds were exhausted was \$330 million. Approvals of SBA loans with Recovery enhancements were extended four times in fiscal year 2010, with funds from the final extension exhausted in May.

The dollar volume totals for SBA loans in fiscal year 2010, which ended Sept. 30, do not include loans made under the agency's ARC, (America's Recovery Capital) loan program. SBA's ARC loan program was available to assist viable, but struggling small businesses with debt repayment. It was launched on June 15, 2009, and ended on Sept. 30, 2010. In all, the agency approved 8,869 ARC loans worth \$286.5 million. Across the country, 1,325 different lenders made ARC loans while the program was in effect, with 44 percent of them for small businesses in the retail services, construction and manufacturing sectors. The agency had estimated it could approve as many as 10,000 ARC loans with the \$255 million subsidy provided in the Recovery Act.

For more information about these and other SBA programs, visit the SBA Web site at www.sba.gov, or contact your local SBA field office. You can find contact information for your local SBA office at <http://www.sba.gov/localresources/index.html>.

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