

U.S. Small Business Administration

Recovery Act Report Card

December 2009

SBA Recovery Act Highlights

- In October 2008, credit markets, including SBA's, froze, and the SBA secondary market slowed dramatically.
- On March 16, SBA implemented two critical Recovery Act provisions:
 - 90% guarantees on 7(a) loans, and
 - Fee reductions in both the 7(a) and 504 programs.
- On November 23, SBA began to transition from Recovery Act provisions to regular lending provisions for the 7(a) and 504 loan programs.
- The Recovery Act provisions have helped drive significantly improved loan volumes from the depths of the crisis.
 - **Expanded access to capital:** As of December 31, SBA approved¹ \$13.6 billion in loans, and supported \$18.2 billion in lending to small businesses².
 - **New lenders:** From Feb. 17 to December 31, 1,019 lenders who had not previously made a 7(a) loan since at least 2007 made a loan.
 - **Recovered volumes:** From February 17 to mid-November, weekly loan dollar volumes rose 79% in the 7(a) and 504 programs, compared to the weeks preceding the Recovery Act's passage³.
 - **Broad-based support:** A significant share of loans supported by Recovery Act funding has gone to rural (24%), minority-owned (21%), women-owned (19%), and veteran-owned (9%) businesses⁴
 - **ARC loan program:** As of December 31, SBA approved 5,184 loans totaling over \$167 million⁵.
- The secondary market has also recovered.
 - **Improved secondary market volume:** Over the past seven months (June – December), the average monthly loan volume settled from lenders to broker-dealers in the 7(a) secondary market has been \$357 million and \$475 million settled in December 2009
 - **Recovering premiums:** In December, 82% of the loans settled, representing 80% of total dollars, were sold at or above premiums of 106 – a return to 2007 premium levels. By comparison, in January and February, zero loans sold at premiums above 106.

¹ This is the total gross value of ARRA-funded loans approved since February 17. Typically, due to cancellations and loan size reductions, 15 – 20% of gross approval value does not get disbursed. Including 7(a) and 504 loans not funded by the Recovery Act, SBA approved \$14.2 billion in loans and supported \$19 billion in lending and since February 17, 2009.

² Includes estimate of 504 third-party first mortgages (calculated as 125% of SBA 504 debenture portion due to typical 50/40 split between third-party and SBA portion of 504 loan)

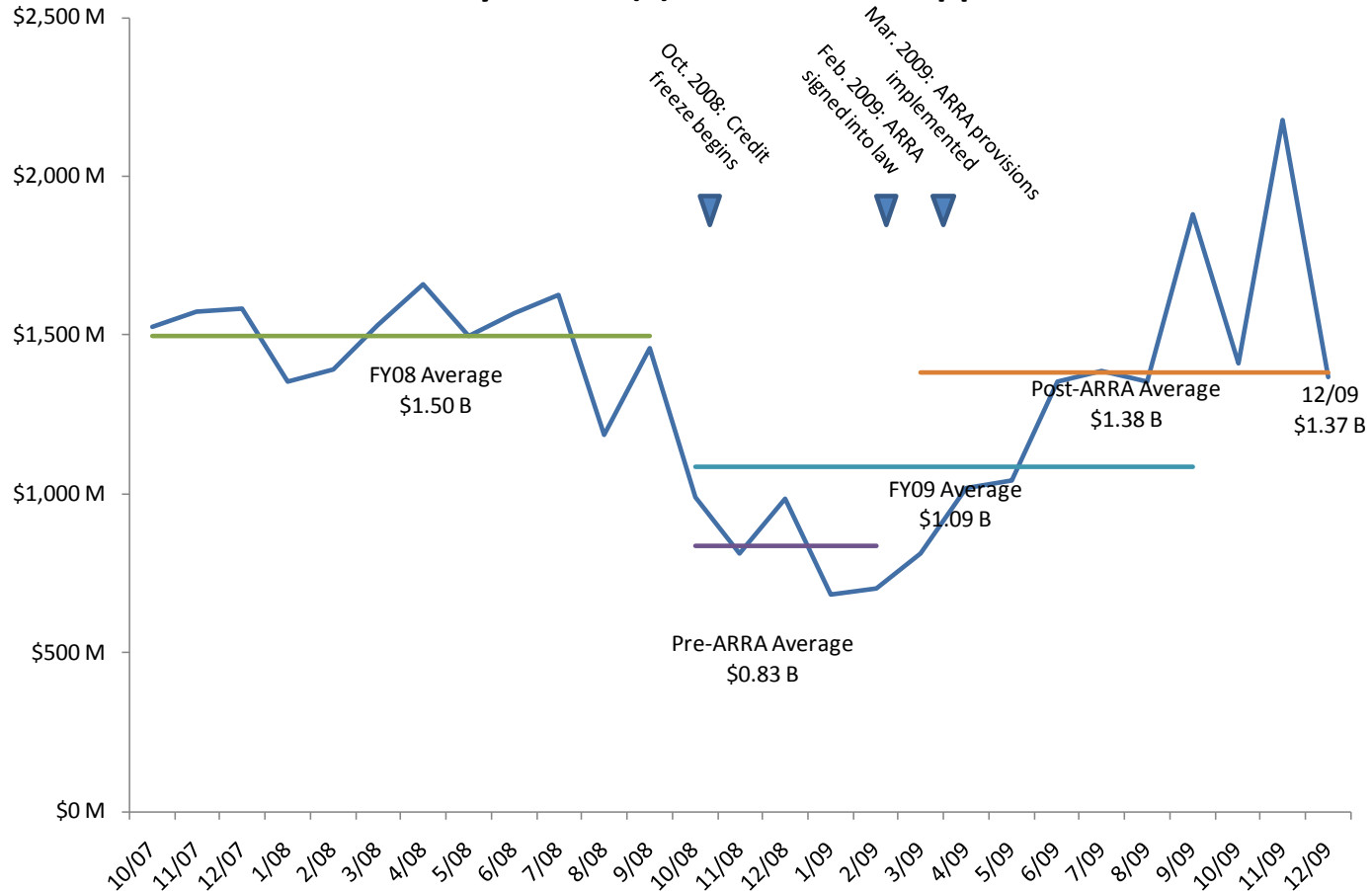
³ Compares average weekly gross approvals in the 7 weeks prior to Recovery Act to the average weekly gross approvals since the Recovery Act was signed. Normalized for market holidays as well as disruptions caused by Washington, DC water outage (August 7, 2009).

⁴ Demographic data is self-reported.

⁵ See Footnote 1.

Monthly 7(a) and 504 Loan Volume: FY2007 – 2010

Monthly Gross 7(a) and 504 Loan Approvals



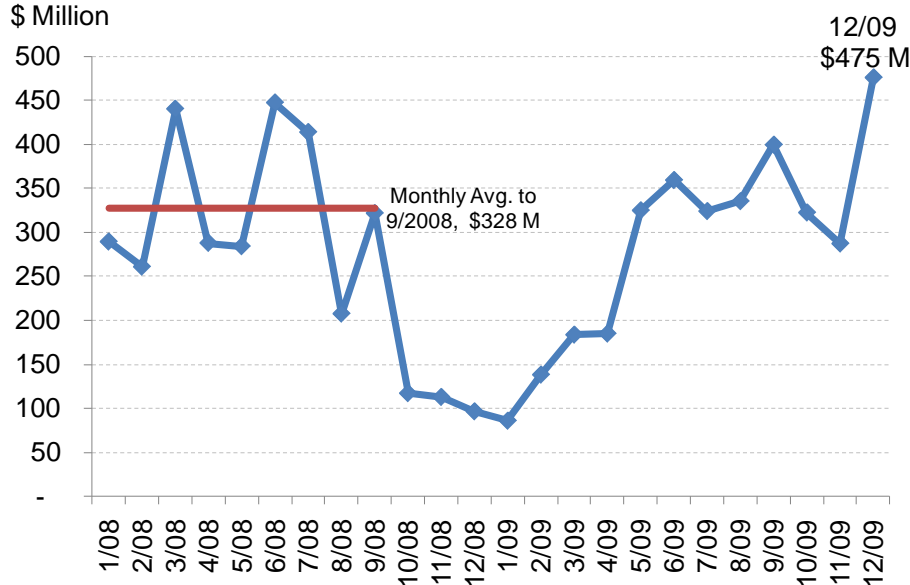
- December 2009's gross 7(a) and 504 approval volume was:
 - 9 percent below the monthly average for FY 2008
 - 26 percent above the monthly average for FY 2009
- Uptick driven by transition from Recovery Act loan provisions to regular loan provisions on November 23, 2009 and funding of all queued loans on December 24, 2009.

NOTE: All loan volumes are gross loan value approved. Typically, due to cancellations and loan size reductions, 15 – 20% of gross approval value does not get disbursed.

Monthly Secondary Market Metrics: December 31, 2009

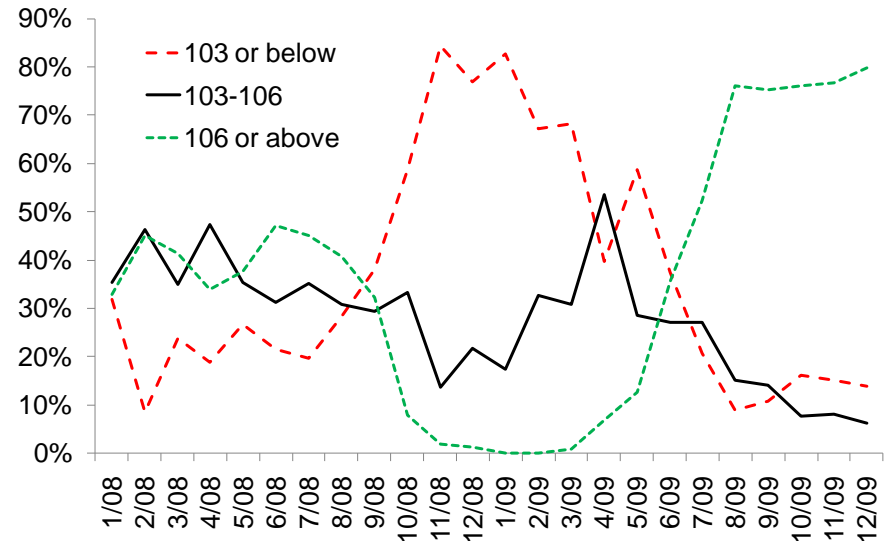
Volume

7(a) Secondary Market Settled Value



Pricing

7(a) Secondary Market Premium Ranges



Recovery Continuing: Over the past seven months, the average monthly loan volume settled from lenders to broker-dealers in the 7(a) secondary market has been \$357 million, which is above pre-recession averages.

In December 2009, \$475 million settled in this market, which is the highest amount settled since December 2007.

Premiums Recovering: Premiums have begun to recover in the 7(a) secondary market, and for the past 5 months have been at 2007 levels.

Pricing Improving: In November, 82% of the loans settled, representing 80% of the total dollars, were sold at or above premiums of 106. By comparison, in January and February, zero loans sold at premiums at or above 106.

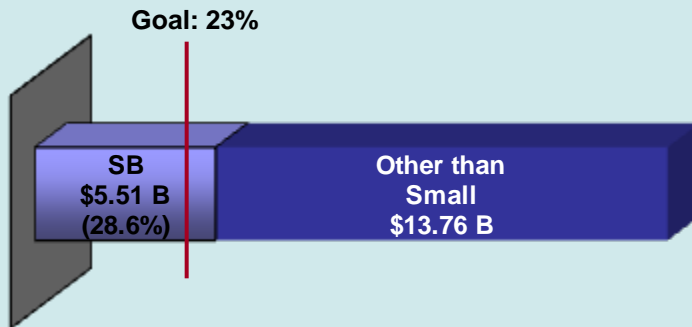
Recovery Act contracts are getting into the hands of small and disadvantaged businesses

ARRA contracts are getting into the hands of small businesses

- SBA is responsible for ensuring that 23% of all federal government contracts go to small businesses
- As of December 31, 2009, 28.6% of federal agency Recovery Act contracting dollars have gone into the hands of small businesses

Prime Contracting to Small Businesses

ARRA, December 31, 2009, % of Federal Contract Dollars



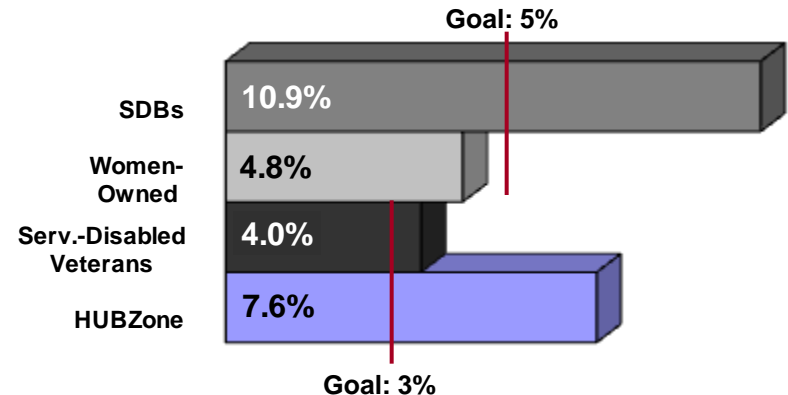
The SBA is taking steps to support disadvantaged small businesses in government contracting

Stakeholder Outreach Initiative

- Vice President Biden, SBA and the Department of Commerce are co-leading a Recovery Act contracting outreach initiative for small and disadvantaged businesses

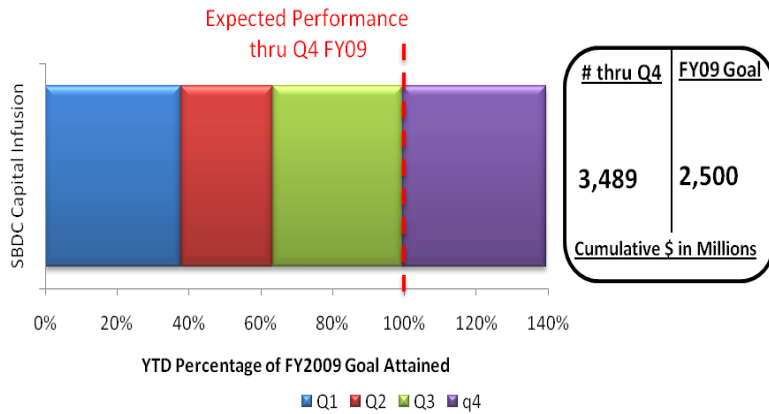
Prime Contracting to Disadvantaged Businesses

ARRA, December 31, 2009, % of Federal Contract Dollars

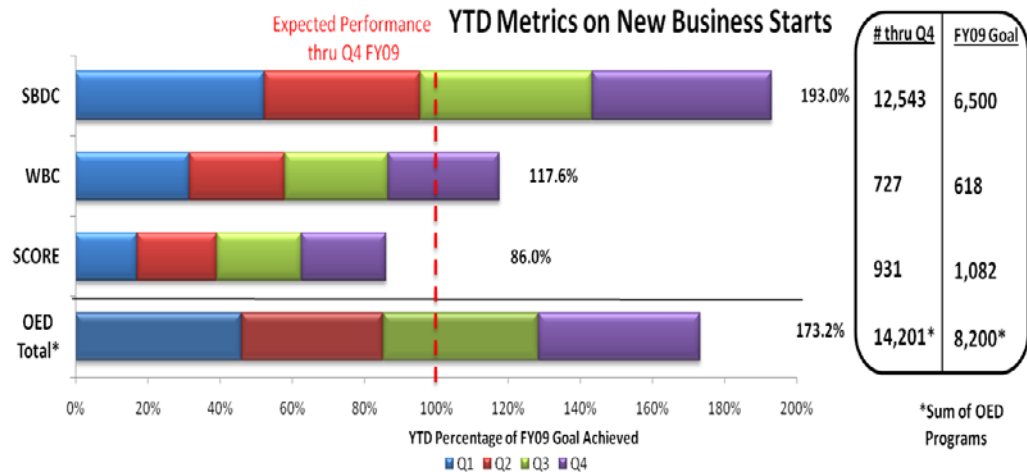


Counseling and Training helped drive business results in Fiscal Year 2009

SBDCs Surpassed Annual Capital Infusion Goal of \$2.5 Billion
As of September 30, 2009 SBDCs assisted clients in obtaining \$3.48 Billion



OED Programs are Driving Business Creation
As of September 30, 2009, OED Programs together helped create 14,201 new businesses, surpassing the combined goal by more than 6,000



OED Programs Surpassed Annual Performance Metrics for Client Activity
Based on Data as of September 30, 2009

