Key Provisions of H.R. 3854, The Small Business Financing and Reinvestment Act of 2009

• H.R. 3854 will increase the maximum gross size of 7(a) loans by 33 percent – from the current level of $2 million to $3 million
• A new Capital Backstop program is also established under which the SBA will provide assistance to lenders in the application, processing, and underwriting functions for 7(a) loans
• A Small Bank Outreach program will be established with the specific mission of identifying and supporting small banks, credit unions, and community lenders to participate in the 7(a) loan program
• The legislation also establishes a Rural Lender Outreach program to reduce the paperwork burden associated with 7(a) loans
• It will extend the recovery and relief loan benefits that were originally established under the American Recovery and Reinvestment Act of 2009 (ARRA) through the end of fiscal year 2011, thus providing businesses with no-fee loans that are backed up to 90 percent by the SBA
• The America's Recovery Capital (ARC) loan program will also see several enhancements, with its extension through the end of fiscal year 2011, a new single-page application requirement, and an increase in the maximum size of ARC loans to $50,000
• The maximum size of CDC financings will be significantly increased – from the current limit of $10 million to $12.5 million – and existing statutory limits that prohibit borrowers from securing CDC loans and 7(a) loans for the maximum combined amounts will be eliminated
• This legislation will increase the maximum size of loans made under the Microloan program, both for intermediaries and borrowers. Currently, the maximum obligation that any intermediary may have under the program is $3.5 million, with first year intermediaries limited to just $750,000. This bill will increase those caps to $7 million and $1 million respectively
• The bill will update and streamline the SBA's largest investment program, the Small Business Investment Company program. The legislation will seek to increase the number and size of investments made in small firms under the program. Perhaps equally important, the bill will seek to halt the continued flight of SBICs that participate in the program by establishing an expedited licensing process to keep successful SBICs that are in good-standing involved in the program
• The bill clarifies that venture leases, equipment leases, real estate sale leasebacks, and similar arrangements qualify as loans that are authorized forms of financing for SBIC fund
• A focus of the legislation will be to amend the New Market Venture Capital NMVC program to place an increased emphasis on increasing capital investments for small businesses engaged in manufacturing
• It streamlines Health Information Technology loans by reducing paperwork for both the lender and applicant, and a 72-hour response time by SBA on its decision to guaranty loans. Under the bill, HIT loans will be guaranteed 90 percent bythe SBA, a factor that will encourage robust lender participation in the program
• Under Small Business Early Stage Investment (SBESI) program established by this legislation, the SBA will provide grant funding to act as co-investment in highly qualified investment companies that will focus on investing in small businesses, with particular emphasis on investing in early-stage small businesses in targeted industries. Targeted industries include those that are predominately involved in researching, developing, manufacturing, producing, or bringing to market goods, products, or services for the agricultural technology, energy technology, environmental technology, information technology, digital media, clean technology, defense research, or life science sectors. Early stage small businesses are those that have not generated revenues in excess of $15 million in any of the previous three years
• To enable the SBA to be more responsive to the needs of individual disaster victims, this legislation directs the SBA to improve the way in which it disburses approved assistance to victims by setting a

tiered disbursement schedule with significantly larger disbursement amounts available to a loan recipient. The bill also requires the SBA to only require that repayment begins once all the disaster loan proceeds have been disbursed and requires that repayment amounts be based solely on funds that have actually been disbursed, not on amounts that were approved and not disbursed

The following organizations support H.R. 3854, The Small Business Financing and Reinvestment Act of 2009

American Dental Association
American Institute of Architects
American Society of Travel Agents
Air Conditioning Contractors of America
Associated General Contractors of America
Biotechnology Industry Organization
Corporation for Enterprise Development
Credit Union National Association
International Franchise Association
National Association of Development Companies
National Association of Federal Credit Unions
National Association of Investment Companies
National Association of Small Business Investment Companies
National Cooperative Business Association
National Restaurant Association
National Venture Capital Association