



Service Disabled Veteran Owned Small Business
S.A.M.E. INDUSTRY FORUM

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- **US Small Business Administration:
Recovery Act Impact on Small Business**

U.S. Small Business Administration

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SBA Recovery Act provisions:

- Loan fee reductions to small business concerns
- Higher guarantees to lenders doing SBA loans
- New SBA programs to assist small businesses
- SBA Surety Bond Program expansion
- Enhancements to current SBA programs

Purpose:

Designed to help unlock credit markets and begin economic recovery for the nation's small business sector.

90 Percent Guarantee/Fee Reductions

- \$375 million will allow for temporary fee reductions or eliminations on SBA loans.
- Allows SBA to raise its loan guarantee from current levels to as much as 90 percent for some loans.

At present, SBA can guarantee loans to 85 percent up to \$150,000, and up to 75 percent on loans greater than \$150,000.

Business Stabilization Loans-help return businesses to profitability

ARC..... America's Recovery Capital Loan

- **SBA's ARC Loan Program:**

Provide up to \$35,000 in short-term relief for viable small businesses

- **ARC loans:** Offered by some SBA lenders for as long as funding is available or until September 30, 2010, whichever comes first.

- \$255 million to create a new SBA loan program to provide deferred-payment loans of up to \$35,000 to *viable* small businesses undergoing *immediate financial hardship* that need the money to make payments on an existing, qualifying loan.
- Businesses may defer payment for up to six months
- Loans are 100 percent guaranteed by SBA
- Repayment would not have to begin until 12 months after the loan is fully disbursed

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Surety Bond Programs QUICK PROJECT FACTS

- **SBA Project Plan May 15, 2009**
Quick Facts on SBA Surety Bond Program

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- **Appropriated Funds** \$15 million
SBA guaranteed surety bond from \$2 million to \$5 million and under certain circumstances, for contracts amounting to \$10 million*.

PROGRAM PURPOSE

- The SBA guarantees (up to 90 percent) surety bonds for small businesses, allowing them to compete for contract dollars, including construction projects supported by Recovery Act funds.

Through the Recovery Act, the SBA has temporarily raised the Surety Bond limit for small business contracts from \$2 million to \$5 million dollars.

*Under certain circumstances (with certification from a Federal contracting officer), that limit can be raised to \$10 million.

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SBA Surety Bond – Expansion

- **PUBLIC BENEFITS**

Increasing the contract ceiling for a bond guarantee ensures that more small businesses can bid on and receive contracts. This new program increases small contractors' access to bonding and contract awards, as well as surety company participation. In turn, this leads to stronger job creation while stimulating the economy.

Refinancing

- Gives the SBA the power to use the 504 Certified Development Company program to refinance existing loans for fixed assets
- Provides fresh support for small business expansion through this existing loan program

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Guarantees for Loan Pools

- Authorizes SBA to deploy federal guarantees for pools of first lien loans, to sell to investors in a secondary market
- Provides liquidity for first mortgages to help encourage lenders to continue participating in SBA's 504 loan program
- May help address some issues facing the secondary market for SBA 7(a) loans

Allows for Small Business Tax Provisions

New tax breaks for small businesses:

- Extends a provision allowing businesses to expense up to \$250,000 of new capital equipment immediately rather than over time through depreciation. ***The \$250,000 amount originally was established for 2008, nearly doubling the amount from 2007. The new amount now applies to all of 2009 as well.***
- Extends, through the end of 2009, the 50 percent bonus depreciation on some capital expenses. ***That provision had been slated to expire after last year.***
- Businesses with annual revenue, based on a three-year average of up to \$15 million, can now carry back their 2008 losses over a period of five years. ***This allows businesses to reduce their tax burden in those earlier years. Previously businesses could carry back their losses only two years.***

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