



## Recovery Act Used To Expand Business Loans

(NAPSA)—A federal initiative designed to aid the economy is supplementing a program that has helped small businesses for decades.

The Recovery Act of 2009 was established by the federal government to create jobs, save existing ones, spur economic activity and promote long-term economic growth.

The Small Business Administration (SBA) has years of experience assisting small businesses through loans and technical assistance.

Now, elements of the Recovery Act implemented through the efforts of the SBA expand or support five of the SBA's loan programs:

- The SBA provides microloan funding for qualified nonprofit, community-based lenders who, in turn, provide microloans of up to \$35,000 to local entrepreneurs and small-business owners, in conjunction with technical assistance training. The Recovery Act has provided \$50 million in additional funding to support these microloans as well as \$24 million for technical assistance training.

- ARC loans provide an immediate infusion of up to \$35,000 to small businesses to assist with making payments of principal and interest on existing debt. These loans are interest-free to the borrower, carry a 100 percent guarantee from the SBA to the lender and require no fees paid to SBA.

- Through its Surety Bond Guarantee program, the SBA guarantees bid, payment and performance bonds to help small businesses that would otherwise be unable to obtain bonding in the traditional commercial marketplace. Surety bonds protect the



**The Recovery Act of 2009 is being used to expand several loan programs designed to aid small businesses.**

project owner against financial loss if contractors default or fail to perform. The SBA may now, in some cases, offer surety bonds of up to \$5 million and up to \$10 million in the case of some federal government contracts. The higher amount, a result of the Recovery Act, more than doubles the previous maximum.

- The SBA's 504 loans, or Certified Development Company loans, are designed to provide financing for the purchase of fixed assets, which usually means real estate, buildings and machinery, at below-market rates. Provisions in the Recovery Act temporarily eliminate certain 504 loan fees.

- The Recovery Act eliminates some loan fees and increases the SBA's guarantee on most 7(a) loans to 90 percent. These loans provide working capital to startups and existing businesses that can't get credit elsewhere.

To learn more, visit [www.sba.gov](http://www.sba.gov) or call (800) U-ASK-SBA. To learn more about the Recovery Act, visit [www.recovery.gov](http://www.recovery.gov).

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**Note to Editors:** This is the sixth in a series of 11 articles from the Small Business Administration on Recovery Act initiatives and how small businesses can get the help they need to survive and thrive.