



Messenger

May 2009, Vol. 3, Issue 5

SBA Launches New ARC Loan Program

The Small Business Administration has announced a new loan program as part of the Recovery Act designed to provide temporary relief to small businesses suffering financial hardship as a result of the slow economy.

America's Recovery Capital (ARC) loans are deferred-payment loans of up to \$35,000 available to established, viable, for-profit small businesses that need short-term help to make their principal and interest payments on existing qualifying debt. SBA will start guaranteeing ARC loans beginning June 15. ARC loans are interest-free to the borrower, 100 percent guaranteed by the SBA, and have no SBA fees associated with them.

"These ARC loans can provide the critical capital and support many small businesses need to make it through these tough economic times," said SBA Administrator Karen G. Mills. "Together with other provisions of the Recovery Act, ARC loans will free up capital and put more money in the hands of small business owners when they need it most. This will help viable small businesses continue to grow and thrive and create new jobs in communities across the country."

The loans will be disbursed within a period of up to six months and will provide funds to be used for payments of principal and interest for existing, qualifying small business debt including secured and unsecured conventional loans (mortgages, term and revolving lines of credit), capital leases, business credit card obligations, notes payable to vendors/suppliers/utilities, 504 first mortgage loans, and loans made with an SBA guaranty after February 17, 2009. Repayment will not begin until 12 months after the final disbursement. After the 12-month deferral period, borrowers will pay back the loan principal over a period of five years.

ARC loans will be made by commercial lenders, not SBA directly. For more information on ARC loans and our assistance in packaging the new loan program, call Sandy Ring at SCKEDD, 316-262-7035 or toll-free at 800-326-8353 or e-mail her at sandy@sckedd.org. Please note that by June 8, SBA is expected to release detailed guidance for lender training.

Source: Press Release from U.S. Small Business Administration dated May 18, 2009 and e-mail correspondence from SBA Wichita District office dated May 19, 2009.

CONTACT SCKEDD TODAY!

316-262-7035, 800-326-8353, sandy@sckedd.org

Your SCKEDD 504, 7(a) and ARC Team is:

*Sandy Ring, Program Manager
Julie Baker, Development Coordinator
Jane Johnson, Administrative Assistant*

Phone—316-262-7035
Fax—316-262-7062
E-mail—sandy@sckedd.org
Website—www.sckedd.org

Monthly Rate Corner

504 Rates based on the May 2009 Debenture Sale

	<u>"Note Rate"</u>	<u>"Effective Rate" (includes fees)</u>
10-Year	3.433%	4.490%
20-Year	4.497%	5.374%