

U.S. Small Business Administration

-- News Release --

Release Date: October 5, 2011 Contact: David J. Hall (202) 205-6697

Release Number: 11-58 Internet Address: <http://www.sba.gov/news>

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Jobs Act Loan Incentives Led to Record SBA Loan Approval Volume, Supporting Over \$30 billion in Small Business Lending

Record \$12 billion 1st Quarter Followed By Return to Pre-Recession Levels

WASHINGTON – Spurred in part by unprecedented loan volume in the year’s first quarter, small business loans backed by the U.S. Small Business Administration in FY2011 reached the highest mark in the agency’s history, supporting over \$30 billion, continuing the rebound begun in 2009 and returning to healthy pre-recession levels in the final three quarters of the year.

“SBA-backed lending continued the upward trend we saw last year,” SBA Administrator Karen Mills said. “Due to the Small Business Jobs Act and a return to pre-recession lending levels, over 61,000 small businesses had access to capital. Small businesses are the backbone of the economy and SBA has been there to help them rebound through difficult times over the past few years. First through the Recovery Act and then through the Small Business Jobs Act and new SBA lending programs, SBA has provided small businesses with the tools they need so they can grow and create jobs. As SBA lending levels continue to indicate a rebound in small business lending, we will work through new programs to fill the gaps created in the marketplace.”

During the fiscal year, which ended Sept. 30, SBA loan approvals supported \$30.5 billion (61,689 loans) in lending to small businesses and start-ups through its two largest loan programs, compared to \$22.6 billion (60,771 loans) in FY 2010 and \$17.9 billion (50,830 loans) in FY2009.

The FY2011 total is the highest volume fiscal year in the agency’s history, surpassing the \$28.5 billion mark established in FY2007. The first quarter of the year, at over \$12 billion supported, was the most active single quarter ever for SBA-backed loans, with more than four times the dollar volume of the same quarter in 2009 – the first three months of the recession – and more than double the volume of any quarter over the past four years.

The unprecedented quarter was prompted by the enhancements provided under the Small Business Jobs Act, which were in effect. The loan enhancements allowed SBA to raise the guarantee on its 7(a) loans to 90 percent and waive fees on both its 7(a) and 504 loans.

The totals for FY2011 include 53,706 loans \$19.63 billion under the agency's largest loan program, the 7(a) General Business Loan program, and 7,983 loans for a total approval of \$4.84 billion, supporting \$10.34 billion in small business lending under the 504 Certified Development Company loan program. The "supported" amount for 504 loans includes the SBA share and third party loans that are made by commercial lenders as part of the funding package.

Those numbers compare with 7(a) totals for FY 2010 of 52,938 loans for \$12.46 billion, and 504 program totals of 7,833 loans for a total supported dollar amount of \$9.97 billion.

While SBA lending has returned to pre-recession lending levels, there continue to be gaps in the marketplace and small businesses that need access to capital. To help fill these gaps, SBA created two new lending programs in FY2011: Community Advantage and Small Loan Advantage. The Advantage lending programs provide streamlined applications for loans under \$250,000 with the standard 7(a) guarantee in order to incentive lenders to make smaller-dollar loans. The smaller-dollar loans often go to underserved communities. Additionally, Community Advantage increases the points of access for small businesses by allowing "mission focused" lenders, such as CDFIs and microlending intermediaries, the ability to make 7(a) loans.

In FY2011, SBA has added 30 new lenders to the 7(a) lending program through the Community Advantage program.

The total for 2011 also included approximately \$5.8 billion in loans to more than 16,000 start-up small businesses, the most since FY2008.

For more information about these and other SBA programs, visit the SBA Web site at www.sba.gov, or contact your local SBA field office. You can find contact information for your local SBA office at <http://www.sba.gov/localresources/index.html>.