



# 2009 RECOVERY ACT



## HELPING SMALL BUSINESS START, GROW AND SUCCEED

### **Lenders Can Help America's Small Businesses Recover with SBA's ARC Loans**

Lenders play a critical role in the health of the American economy, and are especially vital to small businesses. The U.S. Small Business Administration is implementing a special, temporary loan program you can use to help struggling American small businesses while reducing your risk during these tough economic conditions.

Under authority provided in the American Recovery and Reinvestment Act (signed Feb. 17, 2009), SBA has designed a deferred-payment loan program to help small businesses make payments on existing debt.

Section 506 of the Recovery Act authorized SBA to help viable small businesses make payments on existing small business debt. The America's Recovery Capital, or ARC Loan Program, is designed to give viable small businesses facing immediate financial hardship some temporary financial relief so they can keep their doors open, refocus and get their cash flow back on track. ARC loans are available through SBA-approved small business lenders and have been authorized through Sept. 30, 2010, or until the appropriated funds run out, whichever comes first.

Non-SBA lenders can become ARC lenders. Contact your local SBA district office for information and training. You can find the nearest SBA district office at [www.sba.gov/localresources/index.html](http://www.sba.gov/localresources/index.html).

#### **Loan structure**

- An ARC loan is a deferred-payment loan of up to \$35,000.
- ARC loans will be used to make up to six months of principal and interest payments on qualifying loans for existing viable for-profit small businesses in the United States.
- Disbursement period (up to six months) is followed by 12 months with no repayment of the ARC loan principal, followed by a repayment period of five years. SBA pays monthly interest to the bank.

#### **How lenders benefit**

- **Reduced Risk:** 100 percent guaranty provides greater security and confidence to lend.
- **Guaranteed Interest:** SBA will pay monthly interest to the lender at reasonable rates throughout the term of the loan.
- Conventional, commercial business loans (and SBA-guaranteed loans made on or after Feb. 17, 2009) are an eligible use for ARC loan proceeds.
- Proceeds may be used to pay on mortgages, secured and unsecured loans, lines of credit and credit cards if the debt was used for eligible business purposes under the program.
- SBA turnaround on non-delegated loan applications – expected within five to ten business days.

- Access to E-Tran, SBA's electronic application process available to SBA delegated lenders.
- Existing SBA lenders are eligible to make ARC loans and delegated lenders may make ARC loans on a delegated basis.

### **How the community benefits**

- SBA loans help build and retain community businesses, create jobs and stimulate economic activity.

### **How small business owners benefit**

- ARC loans are interest-free to the borrower, have deferred payments for 12 months, and have no SBA fees associated with them.
- ARC loans will allow borrowers to redirect cash flow from making loan payments to investing in their businesses.
- Banks will begin investing in small businesses again, making credit more readily available for those businesses that need it.
- Streamlined applications by SBA.

SBA loan programs now provide greater incentives to you the lender, are more affordable for small business owners, and help to drive economic recovery in your community.

For more information, click on [www.sba.gov/recovery](http://www.sba.gov/recovery).

*All SBA programs and services are provided on a nondiscriminatory basis.*