



***Small Business Jobs and Credit Act* Strengthens SBA Lending**

The recently signed **Small Business Jobs and Credit Act of 2010** contained many provisions that enhance the US Small Business Administration (SBA) loan programs.

With the new SBA program changes now in effect, small companies can benefit from the following favorable developments:

- **Customer SBA fee waivers:** The act waives customer fees associated with 7(a) and 504 loans through December 31, 2010 or until the \$505 million in appropriations is depleted. The fee waiver allows customers to save cash on new transactions – a customer can save up to \$31,500 on a \$1 million dollar 7(a) loan, for example.
- **Increased maximum loan amounts on core products:** The new maximum SBA 7(a) and 504 limits have increased from \$2 million to \$5 million; for manufacturers and certain energy-related projects seeking 504 loans, the new maximum is up to \$5.5 million. Raising the caps will allow small companies to pursue larger projects and growth initiatives.
- **Increase 7(a) guarantee from 75% to 90%:** The act temporarily extends the increase in the loan guaranty until December 31, 2010 for new 7(a) applications – this provision is expected to significantly expand the base of small companies qualifying with lending institutions.
- **Expanded SBA eligibility business size standards:** The act establishes new size standards for both 7(a) and 504 SBA-backed loans. Businesses that have a tangible net worth of no more than \$15 million and a two-year average net income of \$5 million after federal income tax are now eligible to participate. This means considerably more companies will be eligible for SBA financing.