



NEWS RELEASE

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SBA NEW YORK DISTRICT OFFICE APPROVES MORE LOANS THAN EVER

Record Number of Minority and Women Loans Made As Well

New York- The U.S. Small Business Administration's New York District Office today announced that it approved more loans in the just concluded Fiscal Year 2003 than it ever has before, in both total numbers as well as for minorities and women.

The NYDO approved 2,516 loans through its 7(a) and 504 programs for the period October 1, 2002 through September 30, 2003. This represents a 25 percent increase over the 2,009 loans than the office approved in FY 2002. It is only the third time in its history that the NYDO has exceeded 2,000 loans, which it also accomplished in FY 2000 and FY 2002.

In total, loans to small businesses owned by minorities increased by 46 percent, from 688 in FY 2002 to 1,005 in FY 2003. Within that total, loans to African Americans increased by 67 percent, loans to Asian Americans increased by 45 percent and loans to Hispanic Americans increased by 35 percent. Further, loan approvals for women small business owners increased by 49 percent and loans to veterans increased by 35 percent.

"I am pleased that our increased efforts to reach these emerging markets have yielded more loans than ever before. Our challenge now is to continue to meet the needs of as many entrepreneurs and business owners as possible," said Jose Sifontes, NYDO District Director.

The primary program through which SBA makes funding available for start-up or expansion purposes is the 7(a) loan guaranty program. It provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels. The program operates through private-sector lenders that provide loans which are, in turn, guaranteed by the SBA.

Applicants apply to a lender for financing as they normally would. Lenders then request a guaranty from the SBA if it is necessary to make the loan. "Our 7(a) program makes it possible for business owners and entrepreneurs to access financing that they would otherwise not be able to obtain," said Sifontes. "Moreover, recent changes to the *SBAExpress* program, through which lenders can use their own forms and processes to make SBA guaranteed loans, has made obtaining our guaranty faster and easier than ever."

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The 504 Certified Development Company (CDC) program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. A Certified Development Company is a nonprofit corporation set up to contribute to the economic development of its community. CDCs work with the SBA and private-sector lenders to provide financing to small businesses.

Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped.

“More businesses need to know about the 504 program because it provides a way to finance fixed asset projects with, in most cases, just a 10% business owner investment,” said Sifontes.

Sifontes further stated that an important contributor to the District’s success was the work of SBA’s technical assistance providers. “The counselors at our Small Business Development Centers, Service Corps of Retired Executives chapters and Women’s Business Centers assisted many of our loan recipients to become more bankable, so people should certainly be aware of these excellent, free services,” he said.

For information on SBA programs and services, please visit www.sba.gov. To learn where to access these valuable resources locally, please go to www.sba.gov/ny/ny or call the SBA at 212-264-9487.

The SBA New York District Office covers the counties of Queens, New York, Bronx, Kings, Westchester, Nassau, Suffolk, Richmond, Rockland, Ulster, Orange, Sullivan, Dutchess and Putnam.

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