

Bank Notes

A Newsletter for Michigan Lenders

December 23, 2010

Issue 171

Update on the Small Business Jobs Act of 2010

As stated in SBA Information Notice 5000-1173 (effective on September 29, 2010), the Small Business Jobs Act of 2010 extended SBA's authority and provided additional funds to provide fee relief for new 7(a) and 504 loans and a higher guaranty on eligible 7(a) loans. This authority was scheduled to expire on December 31, 2010.

On December 22, in Information Notice 5000-1190, the SBA announced the further extension of this authority through March 4, 2011, as part of HR 3082, the Continuing Appropriations Act, 2011, and related information.

In SBA Information Notice 5000-1188 (effective on December 9, 2010), SBA announced deadlines for submitting Small Business Jobs Act loan applications of December 15, 2010 (for loans submitted under non-delegated authority) and December 31, 2010 (for loans submitted under delegated authority). These deadlines were set assuming that SBA's authority to make Small Business Jobs Act loans would expire, as scheduled, on December 31, 2010.

Since that announcement, SBA has seen an unprecedented increase in loan applications and approvals. During the week of December 12, SBA approved almost \$1.5 billion in Small Business Jobs Act loans - the highest weekly volume since the agency began tracking weekly loan data, representing more loans approved in a single week than in an average month under the previously implemented Recovery Act loan enhancements.

As a result, we now anticipate that funding appropriated in the Small Business Jobs Act will be exhausted on or before December 31. SBA does not anticipate, nor has it requested, additional appropriations for the loan enhancements authorized under the Small Business Jobs Act.

Because the funding for Small Business Jobs Act loans will soon be exhausted, SBA is not extending the deadlines for submitting Small Business Jobs Act loan applications.

However, as is usually the case, SBA expects that some approved Small Business Jobs Act loans will later be

cancelled by the lender or the borrower for various reasons and the funds will not have been disbursed. The extension of authority provided in the Continuing Appropriations Act, 2011, will allow SBA to use funds from cancelled loans to process new Small Business Jobs Act loan applications and loan increases until March 4, 2011, thus ensuring that we are able to put every dollar possible in the hands of small businesses, as the Small Business Jobs Act intended. To do so, SBA will stand up a loan application queue once funds have been exhausted to allow lenders and borrowers to choose whether they would like to wait for possible Small Business Jobs Act loans. While we do not anticipate high volumes of cancelled loans, we want to make every effort to direct any undisbursed funds that result from cancellations to new loans for small businesses. The agency will issue further guidance after the funds have been exhausted.

Lenders and CDCs should promptly cancel any previously-approved Small Business Jobs Act loans that will not be disbursed and notify SBA as soon as possible to help ensure those funds may be used toward additional Small Business Jobs Act loans and loan increases.

Questions concerning this Notice should be directed to Allen Cook or Rachel St. James in the Michigan District Office at 313.226.6075 or contact Allen.Cook@sba.gov or Rachel.Stjames@sba.gov.

New Leadership at District Office

As previously announced, long-time Michigan District Director Richard Temkin will be retiring at the end of December. If you are interested in attending his retirement luncheon on January 14, please send an email to Nancy.Grose@sba.gov.

Allen Cook, assistant district director for Lender Relations, will be the Acting Director until a new district director is selected. It is expected that a job announcement for this position will be posted at www.usajobs.gov in early to mid-January, and an extensive search will be conducted.