

RICHMOND, VA E-NEWSLETTER

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You have subscribed to the Newsletter List of the Richmond, Virginia District Office of the U.S. Small Business Administration. Information provided to you via this newsletter may include general information regarding our Agency and its programs. It will focus primarily on events in the Richmond District Office territory, consisting of all of Virginia, except the counties of Arlington, Fairfax and Loudoun, and cities of Alexandria, Fairfax and Falls Church. If you would like specific information related to the SBA office in your area, please visit our [Local Resources page](#) and click on the state in which your business resides or will reside.

Helping small businesses **start, grow** and **succeed**.



Your Small Business Resource

America's Recovery Capital (ARC) Loan Program

The America's Recovery Capital, or ARC, loan program is a new, temporary program authorized by the Recovery Act, that is designed to give **viable** small businesses suffering **immediate financial hardship** some temporary financial relief so they can keep their doors open and get their cash flow back on track. Since the program was launched on June 15, 2009, over 1,000 ARC loans totaling \$32 million have been approved nationwide. In our District which excludes northern Virginia, 17 loans totaling \$524,500 have been approved.

Highlights:

- An ARC loan is a deferred-payment loan of up to \$35,000, to be used for principal and interest payments on existing, qualifying debt/loans.
- ARC loans are 100% guaranteed by SBA and have no SBA or lender fees associated with them (unless the lender must secure collateral as part of the loan).
- There are no interest charges to the borrower. The SBA will pay the monthly interest at the rate of Prime plus 2% to the lender on behalf of the borrower.
- There is a disbursement period of up to six months followed by 12 months with no repayment of the ARC loan principal. After the 12-month deferral period, the borrower pays back only the ARC loan principal over a period of five years.

How is "viable" defined and who defines it? What constitutes "immediate financial hardship"?

- A viable small business is an established, for profit business. It must be a going concern that is actively engaged in business with the expectation of indefinite continuance but that is having difficulty making periodic payments of principal and interest on qualifying small business loans and/or meeting operating expenses of the business. The small business must be able to reasonably demonstrate its projected continued operation for a reasonable period beyond the six month period of payment assistance with an ARC Loan. Continued operation is demonstrated through quarterly cash flow projections for two years that demonstrate the small business has the capacity to meet the future debt service requirements of the Qualifying Small Business Loans and the ARC Loan.
- Immediate financial hardship means that there must be evidence to show a change in the financial condition such as declining sales, frozen credit lines, difficulty meeting payroll, paying rent, difficulty making loan payments or perhaps something else. Your lender must analyze and confirm that a hardship exists. The SBA has several categories for determining hardship status, such as loss or reduction of revenue in preceding year, increase in business costs in the preceding year, changes in operating ratios, loss of working capital or short-term credit lines, and/or inability to restructure debt due to recent credit restrictions.
- There are additional eligibility requirements. Please contact your SBA lender for details.

What loans/debts are "qualifying" and eligible to benefit from ARC? Can the proceeds be used to make payments on another SBA-guaranteed loan?

- The only eligible purpose for use of ARC loan proceeds is to make periodic payments of principal and interest on qualifying small business loans.

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America's Recovery Capital (ARC) Loan Program

Small business loans/debts qualifying and eligible for assistance with ARC loans include:

- Small business loans/debts qualifying and eligible for assistance with ARC loans include:
- Secured & unsecured conventional loans (mortgages, term and revolving lines of credit)
- Capital leases
- Notes payable to vendors/suppliers/utilities
- Community Development Company (CDC) Loan Program (504) first mortgage loans
- Credit card obligations for business purposes
- ARC loans can not be used to make payments on another SBA-guaranteed loan, with the exception of loans made with an SBA guaranty after Feb. 17, 2009.

Can ARC loans be used to pay a home equity line of credit and credit card debt?

- ARC loans can be used to pay home equity lines of credit and credit card obligations if the debt is for business purposes that meets 7(a) standards. Documentation requirements for assistance with home equity and credit card debt are stringent. (Contact your SBA lender for details).

How do I obtain an ARC loan?

- A small business should talk first to their current lender about obtaining an ARC loan.
- ARC loans are made by commercial lenders (ARC loans are not made by the SBA itself).
- A [List of lenders who have made ARC loans to date](#) is available on the SBA website. We recommend that you contact the lender who holds the debts that you wish to pay with the ARC loan proceeds.

Is my business right for an ARC loan?

- The ARC loan program is intended to give existing, viable small businesses that are suffering immediate financial hardship some temporary financial relief so they can keep their doors open and get their cash flow back on track, retain existing jobs, and ultimately grow in the future.
- Examples of financial hardships include declining sales or revenues or difficulties in paying the operating expenses of the business.
- ARC loans are not designed for new small businesses.

I've been making my business loan payments on time. Am I still eligible for an ARC loan? Can I use an ARC loan to establish a line of credit?

- Subject to eligibility and your lender's credit criteria, you may be eligible for an ARC loan to pay principal and interest on your existing small business loan(s), freeing up your income to pay other operating expenses. For more information, please speak with your SBA lender.
- ARC loans are for making principal and interest payments on qualifying small business loans and are not a line of credit for a business.

How long do I have to obtain an ARC loan?

- ARC loans are available through SBA-approved lenders as long as funding is available or through Sept. 30, 2010, whichever comes first. For more information on the ARC loans program and eligibility requirements go to www.sba.gov.

More information on the ARC loan program is available on our website at

<http://www.sba.gov/recovery/arcloanprogram/index.html>.

Business.gov: Gateway to Your Government



Business.gov is the U.S. Government's official website for small businesses. Business.gov provides access to Federal, state, and local information that helps business owners successfully start and operate while staying compliant with laws and regulations. The website saves small businesses time and money by providing access to Federal, state and local resources from a single website, making government more transparent and accessible. Small business owners no longer need to visit multiple websites to find government programs, forms, contacts, and guidance with laws and regulations.

Who Runs Business.gov?

Business.gov is managed as a partnership among 22 Federal government agencies. This partnership, known as Business Gateway, began as an e-government initiative in 2004 to help small businesses comply with government regulations, and discover government programs that help them start and manage their operations.

NEW Business.gov Community

Do you have questions? Our Community has answers. Discuss, share and get insight from your fellow business owners as well as industry and government experts. Find the information you need to start, grow and run your business.

What is the Community?

A place where you and fellow business owners can discuss and share the information that you need to start and run a successful business. Every business owner's issues are different: You may need help with a specific problem or you may have valuable insight to share.

Where do I start?

Visit www.business.gov and click on any of the links on the Community Home Page to read current discussions and news that address business owner concerns.

Who's there?

Fellow business owners, industry experts and government representatives.

Who Can Register and why should I register?

The community is open to everyone. Anyone can read information posted to the community, but in order to post comments or ask questions you need to register. Registering ensures that all community members comply with the Community Guidelines.

What Does the Community talk about?

We encourage open discussions about any and all questions and issues important to business owners. The community is divided into the 3 areas:

[Discussion Topics](#) in which members ask and answer questions, and discuss business issues

[Idea Exchanges](#) in which members give ideas on how to improve and refine the pages on the Business.gov website

[Expert Insight & News](#) which provide articles on timely business topics

The Recovery Act Provides Energy Tax Incentives for Businesses

The American Recovery and Reinvestment Act of 2009 (ARRA) provides a number of energy tax incentives for both small and large businesses. Businesses and individuals who take advantage of these energy-saving steps this year may result see bigger tax savings next year.

SOME MAJOR PROVISIONS:

- 1. Extension of Renewable Energy Production Tax Credit:** This law extends the “eligibility dates” of a tax credit for business facilities that use wind, closed-loop biomass, open-loop biomass, geothermal energy, municipal solid waste, qualified hydropower and marine and hydrokinetic renewable energy. The “placed in service date” is now Dec. 31, 2012 for wind facilities and Dec. 31, 2013 for the other facilities.
- 2. Election of Investment Credit in Lieu of Production Credit:** Businesses that operate facilities that produce electricity from wind and some other renewable resources after Dec. 31, 2008 can now choose either the energy investment tax credit or the production tax credit.
- 3. Repeal of Certain Limits on Business Credits for Renewable Energy Property:** ARRA repeals the \$4,000 limit on the 30 percent tax credit for small wind energy property and the limitation on property financed by subsidized energy financing for property placed in service after Dec. 31, 2008.
- 4. Coordination with Renewable Energy Grants:** Business taxpayers can apply for a grant in lieu of claiming either the energy investment tax credit or the renewable energy production tax credit for property placed in service in 2009 or 2010.

5. Temporary Increase in Credit for Alternative Fuel Vehicle Refueling Property: Qualified property placed in service in 2009 and 2010 is now eligible for a 50 percent credit, and the per-business location limit increases to \$50,000. Property relating to hydrogen remains at the 30 percent rate, but the per-business location limit rises to \$200,000.

ADDITIONAL ENERGY CREDITS include:

- 6. Residential Energy Property Credit:** The new law increases the energy tax credit for homeowners who make energy efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010. The credit applies to improvements such as adding insulation, energy efficient exterior windows and energy-efficient heating and air conditioning systems.
- 7. Plug-in Electric Drive Vehicle Credit:** The new law modifies the credit for qualified plug-in electric drive vehicles purchased after Dec. 31, 2009.
- 8. Plug-In Electric Vehicle Credit:** The new law also creates a special tax credit for two types of plug-in vehicles – certain low-speed electric vehicles and two- or three-wheeled vehicles.

More information on these business energy tax incentives are available on IRS.gov at www.irs.gov/newsroom/article/0..id=204335.00.htm.

HAVE A QUESTION?

EMAIL YOUR QUESTIONS: Our local email address is richmond.va@sba.gov. If you are a small business owner or prospective owner located in our territory of Virginia (see page 1), please contact us if you have questions about any of our services, starting a business, or obtaining business financing.



UPCOMING EVENTS

CALENDAR OF EVENTS: Be sure to visit our Calendar of Events area for workshops of interest to small business owners in Virginia. To get to the Calendar, go to our website (<http://www.sba.gov/va/>) and click on “Events Calendar” on the right-hand menu listing.

SHARE THIS NEWSLETTER WITH A FRIEND – Do you know a fellow small business owner who would benefit from the **Richmond, VA SBA Newsletter**? If so, forward it to them or direct them to the registration page at <http://web.sba.gov/list/> (scroll down and click on the box next to Richmond, VA Newsletter).

NEW SUBSCRIBERS – For those who have just joined the Newsletter list, be sure to read earlier newsletters in our [Archives](#).