



# **NEWS RELEASE**

## **PRESS OFFICE**

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## **SHARP INCREASE IN SBA-BACKED LOANS FUELS SMALL BUSINESS JOB GROWTH THROUGH 2003's THIRD QUARTER**

**WASHINGTON** – The number of small businesses receiving loans backed by the U.S. Small Business Administration in the first three quarters of FY 2003 is up by almost 36 percent over the same date a year ago, with sharp increases in loans to minorities, women and veterans.

Based on statements made by the borrowers, the loans made so far in FY 2003 have financed the creation or retention of more than 411,000 jobs.

“These sustained increases in SBA loan-making this year shows our commitment to meeting the unique financing needs of American small businesses and validates our approach to make that assistance more readily available to them,” said SBA Administrator Hector V. Barreto. “It proves that our outreach efforts have been highly effective, and it shows how these loans are working to build the economy through job creation.”

The overall increase in loan approvals under the agency's two major loan programs, the 7(a) General Business Loan Guaranty program and the Certified Development Company (or 504) loan program, came to 35.7 percent, reflecting an increase from 38,648 loans during the first three quarters of FY 2002 to 52,435 loans during the same period this year. Strong increases were registered in both programs: 7(a) loans were up by 37 percent and 504 loans rose by 22 percent.

Overall, loans to small businesses owned by minorities increased by 46 percent, from 9,715 in the first three quarters of 2002 to 14,171 in the same period this year. Within that total, loans to African Americans increased by 88 percent, loans to Hispanic Americans increased by 44 percent, loans to Asian Americans increased by 34 percent and loans to Native Americans increased by 27 percent. Loan approvals for women small business owners increased by 40 percent, to 10,668 loans, and loans to veteran-owned small businesses rose by 22 percent, to 4,958 loans.

The total dollar amount approved under the two programs during the period rose by just 2 percent, to \$10 billion. The dollar value of loans under the 7(a) program alone declined by 3 percent, to \$7.85 billion. The average loan size in the 7(a) program fell to \$164,600 in the first nine months of the year, from \$232,075 in the same period a year ago. The average 504 loan rose from \$443,945 to \$458,960.

A substantial part of the increase in smaller loans is due to significant efforts by the agency to make it easier and faster for lenders to approve loans under \$250,000, thus making smaller commercial loans more widely available.

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