



News Release

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Contact: Jennifer Foley (202) 619-0379

Internet Address: www.sba.gov/news/

Demand for SBA-Backed Loans Sets a Record Pace In First Quarter of FY 2005

WASHINGTON – American small businesses set a record pace of borrowing to start and expand their companies over the first three months of the current fiscal year, securing backing from the U.S. Small Business Administration on 23 percent more loans than in the same period a year ago.

During the first quarter of FY 2005, which began on Oct. 1, 2004, the SBA, through its private sector lending partners, approved 23,197 loans for \$3.56 billion under its flagship 7(a) guaranteed loan program, compared to 18,822 loans worth \$3.12 billion in the same period a year earlier, and 13,759 loans worth \$2.24 billion two years ago.

“The heavy demand for SBA backing for guaranteed loans is gratifying,” said SBA Administrator Hector V. Barreto. “This tells me that American entrepreneurs are moving with confidence to start new businesses, build their companies, create jobs and grow the American economy. This program set an all-time loan volume record last year. We are well ahead of last year’s pace at this point, and under President Bush’s leadership, we will continue to make efficient, effective and dependable access to credit a cornerstone of our small business policy.”

The gains are also reflected in the SBA’s Certified Development Company, or 504, loan program. Through the first three months of the fiscal year, the 504 program had issued 1,780 loans worth \$882.9 million, about 13 percent ahead of the same period a year ago, when the program had 1,576 loans for \$743.25 million.

Legislation signed into law by President George W. Bush in early December makes more than \$21 billion available to small businesses through the SBA’s two main loan programs. The budget gives SBA the capacity to support \$16 billion in small business lending under the 7(a) program and \$5 billion under the 504 program.

Additionally, the government loan guarantee increased from \$1 million to \$1.5 million and the program will now operate without a congressional appropriation or at zero subsidy, meaning that the program will be self-supported through fees paid by lenders and borrowers.

An additional enhancement to the 7(a) program was Congress’ action to make the popular SBAExpress program permanent, raising the maximum loan size to \$350,000 with a 50 percent government guarantee.

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