

At this writing I am not sure if this will be stored in an archive at some other location at SBA in the future. The following information (reformatted) is taken from the following web site on 3/19/09: <http://app1.sba.gov/liveMeeting/mar09/>

The home page for the Small Business Administration is www.sba.gov

Details of the SBA Recovery Act programs can be found at:
www.sba.gov/recovery

3/19/09

Open line with Eric Zarnikow, Associate Administrator for the Office of Capital Access at the U.S. Small Business Administration

Topic: "The Recovery Act and Your Small Business"

From : U.S. Small Business Administration
Location : Washington , DC

It is my pleasure to join you today for the SBA live Web chat series...I am Eric Zarnikow, Associate Administrator for Capital Access here at SBA - Welcome to everyone joining us.

From : [scottSBA](#)

Location : [denver , co](#)

Question :

What can the SBA do to assist small business owners in obtaining small amount of funds \$100,000 for working capital if their credit lines or cards have been cut back or reduced ?

Reply :

Hi Scott. A specific purpose of The Recovery Act was to restore credit markets and get dollars flowing again to small business. With the new incentives in place for lenders with regard to higher guarantees and secondary market liquidity, lenders should feel more confident and secure and begin reinvesting in small businesses.

From : Shirley Campos

Location : Oak Park , IL

Question :

Is there a list which designates which lenders have been authorized to approve the 7a loans themselves? We are trying to get the loan as quickly as possible.

Reply :

Yes Shirley. Contact your local District Office for a list of lenders with delegated authority. Find your local district office by clicking on www.sba.gov and selecting local resources.

From : Mike Chulick

Location : Colorado Springs , CO

Question :

Eric, Could you please address the actual amount of collateral a business must provide for SBA loans. Banks we have approached are requiring 100% of loan value in personal assets. This does not seem to align with either the prior 80% level or the newer 90% SBA guarantee. Thank you.

Reply :

Thank you for your question Mike. What differentiates SBA is that we are a cash flow lender. However, SBA policies require taking all available collateral. The lender should not turn down the loan specifically for lack of collateral. If there is sufficient cash coverage to service the loan, with an appropriate cushion, the loan can still be approved under our guidelines.

From : Steve Foster

Location : Las Vegas , NV

Question :

We are a certified (8a) Construction and Electrical Contractor in Las Vegas Nevada. We are having a difficult time in trying to achieve a contact or information on the Stimulus program to identify and participate in up-coming projects in and out of state. We have been bombarded with private consulting firms who are seeking a fee for this information that we feel should be readily available. We certainly don't have the additional funds for this service under these difficult times and would appreciate any assistance available. We are trying our best to keep 35 employees working and are seriously running out of time. Thank You

Reply :

Hello Steve and thanks for your question. Contact the Nevada District Office and speak with a business development specialist who can put you in touch with the Procurement Center Representative who handles your area. Log onto www.sba.gov/nv for District Office contact info.

From : Bob Crimi - SDVOSB

Location : Venice , FL

Question :

How will the Recovery Act help Disabled Veterans - SDVOSB - in the Federal Procurement arena. Will there be increase in the 3% goal presently in use? Will there be Small Business loans available to SDVOSB that was effected by the economy? Achanges expected in te FAR Reg - changing wording from "may" to "shall" - when referring to Gov agencies meeting their complkiance goals?

Thanks, Bob Crimi V.P. International Supply Inc 941-809-7179

Reply :

Good Afternoon Bob. Specific information related to procurement issues can be directed to SBA's Office of Business Development at 202.205.5852. SBA's Patriot Express Loan initiative is a loan guaranty program that is included in the temporary increase in guaranty percentage of up to 90%. This program is designed for small businesses that are owned at least 51% by a qualifying member of the military community. Loans can be used for all eligible business purposes including, land/building acquisition, working capital, purchase of machinery, equipment, inventory, and some debt refinance. You can also obtain lines of credit under this program. For more details contact the Veterans Representative in the SBA District Office near you. Log onto www.sba.gov and click on local resources.

From : Didier Bachaumard

Location : Branford , Connecticut

Question :

Do you have to be a Citizen of the United States to have access to those Loans ?

Reply :

Hello Didier. SBA can provide financial assistance to businesses owned or controlled by persons who are not US citizens provided the persons are lawfully in the U.S.

From : Tom Murphy

Location : Johnston , RI

Question :

It seems like everyone but a white male is qualified for a SBA loan. Is this correct?

Reply :

Tom, currently none of our loan programs make a distinction for race. We do have programs that target Veterans, economically disadvantaged communities, and Disaster areas.

From : Mary Harmony
Location : Denver , CO

Question :

Can you discuss refinancing capabilities under the SBA 504 loan?

Reply :

Mary, we are currently working out the details with the New 504 Refinance provisions and will release information and details as soon as they are finalized.

From : Steve

Location : Milwaukee , WI

Question :

Eric, could you please expand upon one of your earlier answers where you stated that the ARC program is for "VIABLE" businesses? I'm sure there are many questions related to the definition of the word VIABLE. Thank you.

Reply :

Steve, thanks for your question. A "viable" small business is a business that has a demonstrated earnings history and proven record for success that may just need a little extra help to get through a short-term downturn. We will be issuing additional guidance to lenders when the ARC program is released.

From : Barb Murphy

Location : , WI

Question :

Trying to read in between the lines of the recovery act, but can SBA recovery act funds be used to refinance small business debt that is unfavorable. For example, small business owners use of credit card debt with higher interest rates to help keep the business running in these times when other lending was not available?

Reply :

Hello Barb. Existing SBA policies allow for funds to be used to refinance certain types of debt. Credit Card debt is eligible for refinance, provided the credit card debt is business related debt.

From : Pat

Location : ,

Question :

We are a PLP lender processing a 7(a) loan now and want to take advantage of the 90% guarantee. We use the SBA Loan Authorization wizard which has not yet been updated. How do we handle this in our loan documentation? Can we just ignore the Authorization that currently has a 75% guarantee fee?

Reply :

Pat. You must be using a private vendor who has not updated their software yet. E-tran and the website for lenders now carries the updated authorization.

From : Sherman Blosser

Location : Mobile , AL

Question :

Women's Business Center's are also technical assistance providers for the SBA micro-loan program helping start-up and growing small businesses.

Reply :

Thank you Sherman. You are absolutely right. Our Women's Business Centers, as well as SCORE are critical partners in helping us to assist small businesses in accessing credit and improving their performance.

From : Gayle Bauman

Location : ,

Question :

Can the \$35,000 ARC funds be used for any purpose, including working capital or will there be restrictions on what the money can be used for.

Reply :

Hello Gayle. The \$35,000 loan is specifically to cover principle and interest payments on an existing loan. This allows the small business to free up its scarce cash for other needs during the period of its debt relief.

From : Becky Midyette

Location : Elizabethtown , North Carolina

Question :

What does the new released today (3/16/09) by President Obama mean for women like me who are just beginning a service oriented business?

Reply :

Hello Becky. It means that SBA is providing program tools and offering new economic incentives to small businesses and lenders alike, all aimed at growing the economy through job creation, restarting lending, and investing in small businesses. It means that SBA is OPEN for business and stands ready to assist businesses just getting started or looking to expand through our host of financing, training and technical assistance programs. An SBA guaranteed loan is more than three times more likely to be made to a woman owned business than a conventional bank loan.

From : broderick

Location : louisville , ky

Question :

where do i need to go to find funding for purchasing real estate since the sba does not help small business trying to build up their community. Also, how can my construction company get government contracts?

Reply :

Hello Broderick. The SBA's financing programs do support the financing of a real estate developer for working capital. You should contact your SBA District Office to find out of other SBA programs are suitable.

From : Wendy Schmitz

Location : Minntonka , MN

Question :

This is the third time I have submitted this question. I want to sell my current business so that I can start a new one. I have a buyer but they can not get a loan to cover the value of my business because they have been told there is a \$250,000 cap on unsecured cash flow. Why would the SBA discourage creating new jobs?

Reply :

Wendy, thank you for your question. There is a cap on the amount of goodwill that a lender with delegated authority from SBA can approve on their own. However, a lender is free to submit any loan request to our loan processing center where we will review the loan for potential approval for goodwill amounts above \$250,000. That approval will depend on the creditworthiness of the transaction.

From : Jerry

Location : Argonia , Ks

Question :

How long does it normally take to be approved for a 7a loan after submitting ?

Reply :

Jerry. It really varies from lender to lender and on the complexity of your loan request. However, once SBA receives a completed application, we generally provide the lender with a yes or no within 2-3 days. In addition, a number of lenders have delegated authority to make the decision on their own.

From : Angie

Location : Northampton , Ma

Question :

Is there a potential through the SBA to help with grants for small businesses that are providing a service for their community though still a for profit business?

Reply :

Angie, thank you for your question. The SBA does not offer grant programs to start a business. We do support technical assistance from Small Business Development Centers that can help you formulate a business plan. In addition, the Recovery Act provided additional funding for Microloans and the technical assistance that goes with those loans. The Microloan Program provides very small loans to start-up, newly established, or growing small business concerns. These loans are for up to \$35,000. Contact the SBA District Office nearest you to find a Microlender that serves your area. Log onto www.sba.gov and click on local resources.

From : Debbie S.
Location : Houston , TX
Question :

In follow up to Marilyn's question....what's a current SBA borrower to do if they are experiencing cash flow problems.....Isn't the answer to go to your banker and discuss. SBA Lenders have the ability to work with existing SBA borrowers who are experiencing cash flow difficulties, right?.....

Reply :
Hi Debbie. SBA lenders have the ability to work with their borrowers and provide for deferments of payments and other loan modifications where they believe it is appropriate. We have reminded SBA lenders of this authority to encourage them to work with their existing SBA borrowers.

From : David
Location : Northampton , MA
Question :

Most of the "help" seems to be focused on companies that need credit or are expecting a loss. What about companies that expect a profit in '09, but substantial decreases in revenue that would result in layoffs if not addressed?

Reply :
Thank you for your question David. Our SBA loans are designed to expand access to capital for credit worthy small businesses that can't qualify for loans in the conventional market. Being profitable is an important part of being a credit worthy business and therefore would make you more likely to qualify for an SBA loan.

From : Benjamin William
Location : Astoria , New York
Question :

As I understand, there has been \$15 bn set aside to purchase SBA guaranteed loans in the secondary market. Can you please comment on this plan? Over what time period will it be rolled out?

Reply :
Hello Benjamin. SBA has worked closely with the Treasury Dept. to get \$15 billion committed to purchase SBA guaranteed loans in the secondary market. Each year, over 40% of the guaranteed portion of SBA loans are sold into a secondary market which provides the bank with cash to be able to make new loans. These secondary markets have been frozen since last fall and this initiative will help free up cash for banks to make new loans. Treasury plans to begin purchases by the end of this month

From : Steve Ware
Location : Kosciusko , Mississippi

Question :

I have been told by the banks that I can't get a SBA loan, because of old FHA DEBTS, that date back to 1977 on my farming. They amounted to more than I could ever pay. The FHA took my home an all. I have started a construction co. and need help in order to hire people and get a construction bond. I have my contractors license, but can't get help. There was no way to ever pay after the FHA closed us out and sold everything.

Reply :

Hello Steve. SBA cannot provide assistance to a Small Business Applicant that has previously defaulted on a Federal loan or Federally assisted financing, resulting in a loss to the Federal government. "Federal loan or Federally assisted financing" includes any loan made directly or guaranteed/insured by any Federal agency, any unreimbursed advance payments under 8(a) or similar programs operated by any Federal agency, federally-backed student loans and disaster loans.

From : John Mullen
Location : San Francisco , CA

Question :

We are trying to get an SBA loan, but we have been delinquent over 29 days in some payments to our bank and they are telling us this disqualifies us from any SBA refinancing? Is this true - especially with the new stimulus ?

Reply :

Hello John. Yes, our policies do say that when considering loans for refinance, they must have been current for the past 36 months. Current being no more than 29 days past due. However, we can consider on a case by case, with good justification. These loans would have to be submitted through our standard 7(a) loan processing procedures requesting an exception to normal policy.

From : Marilyn Bogue
Location : Providence , RI

Question :

Is it true that economic stabilization loans (aka ARC loans) can't be used for making payments on existing SBA guaranteed loans? If so, why was this thrown into the act, what was the rationale? What are 7a and 504 borrowers supposed to do?

Reply :

Hi Marilyn. It is true that ARC loans cannot be used to make payments on SBA loans made prior to 2/17/09. This is a requirement of legislation that has been in place for many years that governs Federal credit programs.

From : margaret

Location : Decatur , IN

Question :

is it true we can get a rebate for losses for the past 5 yrs in small businesses if true how do we apply

Reply :

In follow up to the previous question. As part of the Recovery Act the IRS will be issuing guidance for a provision that allows businesses with gross receipts of up to \$15 million to "carry back" their losses for up to five years, effectively allowing them a rebate on taxes paid in previous years.

From : Swain Watters

Location : Atlanta , GA

Question :

How can small businesses best leverage aspects of the stimulus such as Section 179 tax deduction and other measures already discussed? Is there a good single source to counsel SMB's?

Reply :

Hello Swain. Thank you for your question. I would encourage you to contact your local IRS office or tax advisor for specific tax questions. There are a number of tax provisions in the Recovery Act to help small businesses, including the ability to carry back a tax loss for 5 years.

From : Janine Browning

Location : Chantilly , Virginia

Question :

We have read quite a bit about \$35k SBA loans to be available to small businesses but when will they become available? I keep asking my bank and they say to ask you.

Reply :

Thank you for your question Janine. SBA is working as quickly as possible to implement this program; however it is a brand new program that needs to be built from scratch, including developing policy and modifying computer systems, so it will take a bit longer. Specific program details are being worked on as we speak. ARC Business Stabilization Loans are 100% guaranteed deferred payment loans of up to \$35,000 to help VIABLE small businesses facing immediate economic hardship make payments on existing qualifying loans.

From : Molly Scott

Location : Cumming , Georgia

Question :

Is there a list of banks that are offering SBA backed loans?

Reply :

Molly, thank you for your question. Every SBA District Office maintains a list of participating lenders that they can provide to you. Locate the District Office nearest you by logging onto www.sba.gov and clicking on local resources.

From : Cheryl Schuster

Location : Fort Wayne , In

Question :

I do not see a chat window on my screen, Will we be able to see questions posed by other attendees

Reply :

Go to www.sba.gov and click on the online business chat icon at the bottom left of the page. Then scroll down to the bottom of the chat page to see the responses. Thank you.

From : Dave Raymond

Location : Needham , MA

Question :

Can you provide an overview of the topic as a starting point please.

Reply :

The American Recovery and Reinvestment Act, generally known as the Recovery Act, is a nationwide effort to grow the economy by stimulating job creation, freeing up the nation's credit markets, and investing in small business. We are discussing the implications of this act for small businesses.

From : Bob Hopkins
Location : Fort Lauderdale , Florida

Question :

I am seeking funding for a startup restaurant franchise and need a \$800K loan. Each bank I have applied to tells me that they don't know how to qualify me for a 90% guaranteed 7a loan. What is the qualification/approval process for this loan?

Reply :

Hello Bob. The up to 90% guaranty on some 7(a) loans was effective as of 3/16/09. This information has been communicated to SBA lenders and they can access the 90% guaranty program now.

From : Tai-Chi Lin
Location : Concord , CA

Question :

I would like to find out information on the stimulus package for small business. What are our options and if we qualify, how long is the waiting period before we are funded? Thank you.

Reply :

Hello Tai-Chi. Details of the Recovery Act can be found at www.sba.gov/recovery. SBA will continue to update information on this site as we implement the provisions related to our programs. All applicants must meet some universal loan eligibility criteria like the type of business, size of business, and be able to demonstrate a need for the financial assistance due to your inability to obtain financing on reasonable terms through traditional sources. Contact your local SBA District Office to discuss eligibility requirements for SBA loan programs. Log onto www.sba.gov and click on local resources to find the District Office nearest you.