



Greater Hamilton Chamber of Commerce

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Help is here for Small Businesses through the SBA

The Greater Hamilton Chamber of Commerce is your business resource to keep you informed. See how Small Businesses can benefit from the recently released changes from the Small Business Administration (SBA).

The Small Business Administration (SBA) recently released changes coming to the SBA programs. Will these changes benefit your small business if your access to credit has dried up? If you aren't sure, you should consider applying for these loans. Bear in mind the SBA does not make loans directly to business owners; it guarantees them to commercial and nonprofit lenders that participate in its program. Here are some of the major changes that are now in place as part of these SBA programs.

First, the SBA is **eliminating certain loan fees**. There are temporary fee elimination for 7(a) loans and 504 loans. Depending on loan volume in these programs, the SBA estimates that it will be able to eliminate these fees on loans approved through approximately December 31, 2009. Fee elimination will be retroactive for all eligible loans approved on or after Feb. 17, 2009. What kind of savings will you see from the temporary borrower fee elimination? Fees for 7(a) loans are based only on the guaranteed portion of the loan and depend on the size of the loan. The typical fees range from 2% to 3.75%.

Additionally the SBA has **temporarily eliminated fees** for borrowers and third party lenders on its 504 Certified Development Company Loans. These loans offer growing businesses long-term, fixed rate financing on major fixed assets, such as land, building and machinery and equipment. These loans are aimed at fostering community development, creating jobs and encouraging modernization. For a Section 504 loan from a Certified Development Company, the 1.5% application fee that is frequently charged to a small business when they apply for a loan will not be charged. For a typical 504 loan of about \$600,000, fee savings would equal about \$9,000. In addition, the SBA charges the first mortgage lender a fee equal to ½% of the first mortgage in a section 504 loan transaction. The SBA will temporarily eliminate that fee as well, further encouraging the first mortgage lender to get involved with the development project. For your total savings, please contact us and we'll direct you to the proper local authority to assist your business.

The second major change in the SBA loan programs is the raising of guarantee levels on some of its loans. Some loans now include a 90% guarantee. If you're a small business owner, what does this 90% guarantee mean to you? It means that the lender will have less risk and a greater sense of security due to the higher guarantee percentage and will be more likely to extend credit to your small business. Remember only lenders who have been approved to participate in SBA lending programs can assist you with an SBA- guaranteed loan. Contact us to get a list of approved participants in our area. Even if you have been recently turned down by a bank you are still eligible to apply. Many of the provisions in the stimulus package provide incentives to lenders to encourage them to start lending again to get more dollars in the hands of small business that need it most. Look for details for a future seminar we'll be offering to help your small business with these and other helpful tools.

Please contact us at 513-844-1500 with any questions and as always thank you for your Greater Hamilton Chamber of Commerce membership!