



April 13, 2009

To: Lenders of the Meramec Region

From: Maria Kardon, Business Loan Specialist

Subject: Economic Recovery for America's Small Businesses

Effective on February 17, 2009, the American Recovery and Reinstatement Act was passed – also known as the Recovery Act – as a nation wide effort to stimulate our economy in order to create jobs, regenerate lending and encourage small business growth and retention during our current economic crisis.

There are numerous benefits under the Recovery Act with the 7(a) and the SBA 504 loan programs not only for existing small businesses owners but also for new entrepreneurs seeking to start a new business. The two main SBA provisions of the Recovery Act are the temporary elimination of loan fees and the temporary increase of SBA loan guarantee of up to 90 percent through the 2009 calendar year or until the funds are expended. The SBA Express loan program guarantee will remain at 50 percent. The bank participation fee of 50 basis points, the CDC processing fee of 1.5 percent and the 7(a) upfront fees of 2 percent up to 3.75 percent will temporarily be eliminated for the participating lender and the borrower as part of the Recovery Act. In addition, the SBA 504 program has expanded by allowing refinancing as a restructuring option under the program for long-term small business projects.

Furthermore, the Recovery Act contains additional incentives for small businesses including tax incentives of investment tax credits with extended depreciation terms; carry back of net operating losses to offset earning from up to five years ago and tax credits for hiring disadvantage and unemployed veterans.

Lenders and small businesses are encouraged to look into these opportunities, under the Recovery Act, in order to re-open the nation's lending activity, create new job growth and promote small business development and expansion for our country. More details will be available as they are issued by those designated agencies under the Recovery Act.

Individuals are encouraged to contact their local Certified Development Company, Meramec Regional Development Corporation, #4 Industrial Drive, St. James, Missouri, (573) 265-2993, www.meramecregion.org for more information. For additional information on the SBA programs visit www.sba.gov and on the American Recovery and Reinstatement Act visit www.recovery.gov.