

ACTION ITEM suggested by Carwash SBA Loan Specialty Broker Mike Ford: "I would like to suggest that you urge your clients to contact their Senators and Congressmen about seeking quick authorization of the proposed increases in the SBA programs, to ask for continued support of the USDA B&I program and to request additional support in the area of SBA fee waivers and guarantees."

Jack Muellerleile at jrm@4VQP.com suggests you locate & contact your elected representative thru <http://www.usa.gov/Contact/Elected.shtml> .

Mike Ford's 11.02.09 update follows...

From: coastcc@aol.com
Sent: Monday, November 02, 2009 5:32 AM
To: jrm@4VQP.com
Cc: MarkA@coastcc.com; aldridge@CoastCC.com
Subject: SBA and USDA Update

Dear Jack:

I am writing to give you a quick update on the recent developments in the SBA and USDA lending arena.

President Obama gave a speech on October 21st. The President would like to try to boost lending to small businesses. Mr. Obama would like to use leftover federal bailout money to induce smaller community banks to offer credit to small businesses. As you may know, SBA lending and conventional lending is down by over 50% from the same time one year ago.

In response to the drop in business lending and in an effort to create more jobs, President Obama said, "The first thing we need to do is increase the maximum size of various SBA loans. So I am calling on Congress to increase the cap on what's called 7(a) loans to \$5 million. These are the loans most frequently handed out by the Small Business Administration to help folks open their doors and buy machinery, equipment, land, and buildings. These larger loans will help more small business owners and franchises grow. We also need to increase the maximum size of what's called 504 loan to \$5 million. These are the type of loans that Joe and Doug used to expand business and create new jobs. And we should also increase the maximum size of micro loans that go to start-ups and other small businesses."

While the SBA does not "hand out loans" (they actually guarantee the loans that banks make), the President has his thoughts in the right place. The increase in the SBA 7(a) loan from \$2.0 million to \$5.0 million will be a huge benefit for those looking to build, buy or expand a business. In addition, the increase in the SBA 504 loan program to \$5 million would support a total project of \$12.5 million. These increases would eliminate the need for using multiple sources to fund your clients projects.

Two items not addressed in the speech were SBA fee waivers and the SBA guarantee amount. Currently the federal stimulus program is covering the cost of the SBA guarantee fees. They also increased the guarantee amount on the 7(a) loan from 75% to 90%. Both of these incentives are key to the continued success of the SBA loan program and small business growth. The increased guarantee entices banks to lend. The fee waiver gives small business owners the break needed to help grow and generate new jobs.

On the United States Department of Agriculture Business and Industry Loan Program, Agriculture Secretary Tom Vilsack announced \$71.7 million in loan guarantees were recently made to assist rural businesses. The funding is being made through the USDA Rural Development's Business and Industry Guaranteed Loan Program. This program is a useful tool for entrepreneurs building or buying businesses in rural communities. Your primary market, California, Nevada, Oregon and Arizona have many rural areas that qualify for this program.

I would like to suggest that you urge your clients to contact their Senators and Congressmen about seeking quick authorization of the proposed increases in the SBA programs, to ask for continued support of the USDA B&I program and to request additional support in the area of SBA fee waivers and guarantees.

As always, please feel free to contact me if you have any questions on SBA lending, USDA lending, equipment finance or general small business lending.

Thank you,

Michael Ford

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