

What's New at SBA?

February 9, 2011

Loan volume

- Record Loan Production—over \$10 Billion
- 7(a) Skyrocketed in December
- 504 increased nicely in December
- Challenging to manage
- Impact of Large Loan Size
 - over 700 7(a) loans for more than \$2.2 Billion
 - Over 60 504 loans for \$165 Million

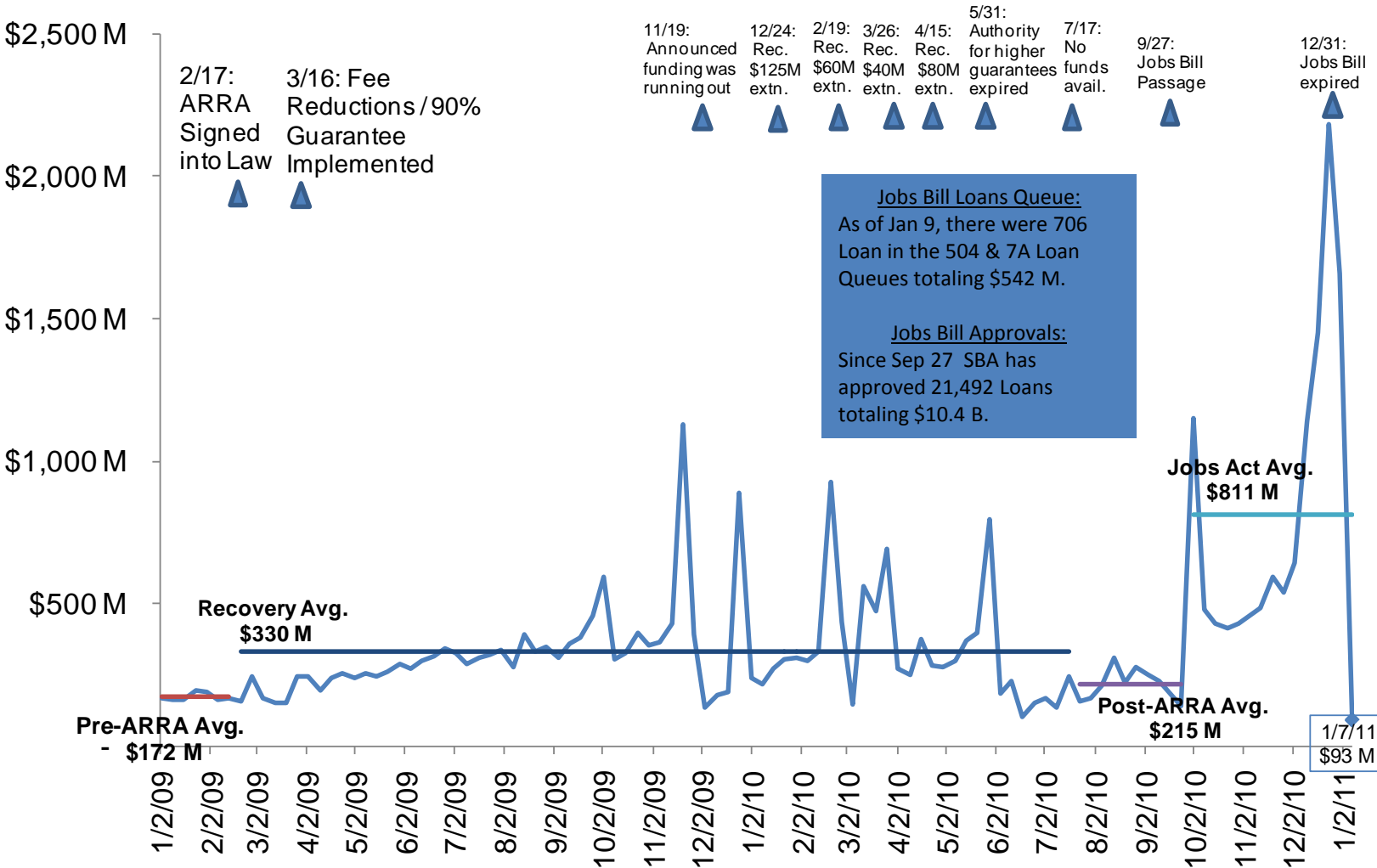
Loan Volume 10-1 to 12-31

7(a)

FY2009		FY2010		FY2011	
Number	Dollar	Number	Dollar	Number	Dollar
9,070	\$ 1,945,846	14,644	\$ 3,873,816	19,574	\$ 9,091,822
Ave. Loan Size	\$ 214,536.49		\$ 264,532.64		\$ 464,484.62
504					
1,384	\$ 841,786	1,993	\$ 1,156,021	2,344	\$ 1,350,614
Ave. Loan Size	\$ 608,226.88		\$ 580,040.64		\$ 576,200.51

Weekly 7(a) and 504 Loan Volume: As of January 7, 2010

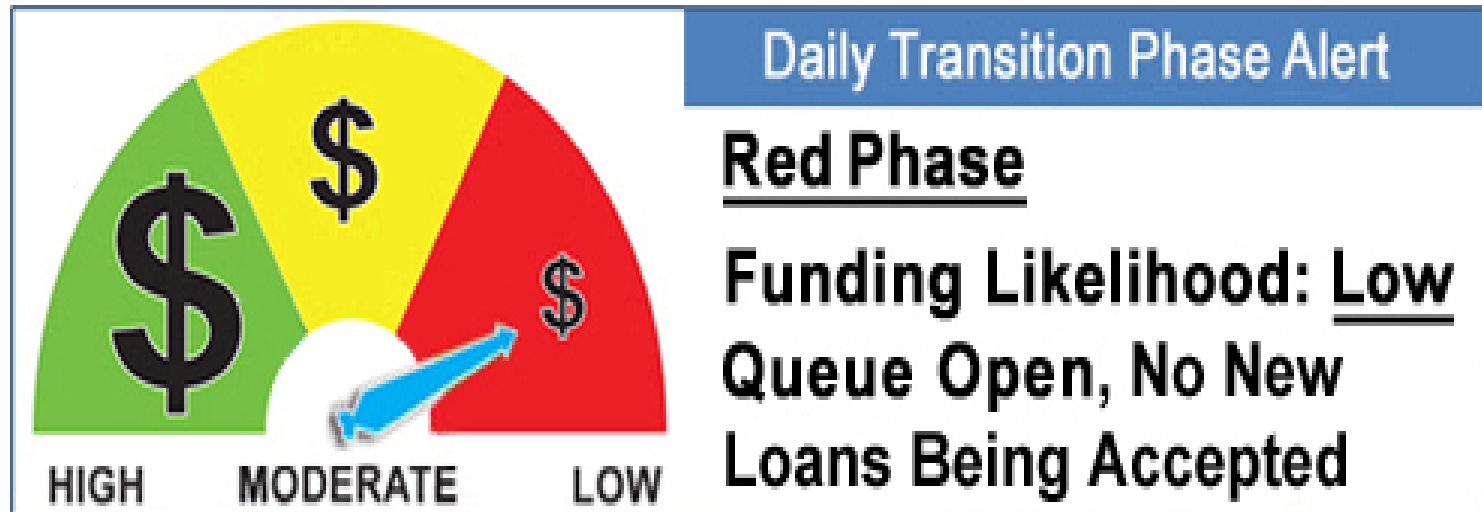
Weekly 7(a) and 504 Loan Volume Normalized, \$ Million



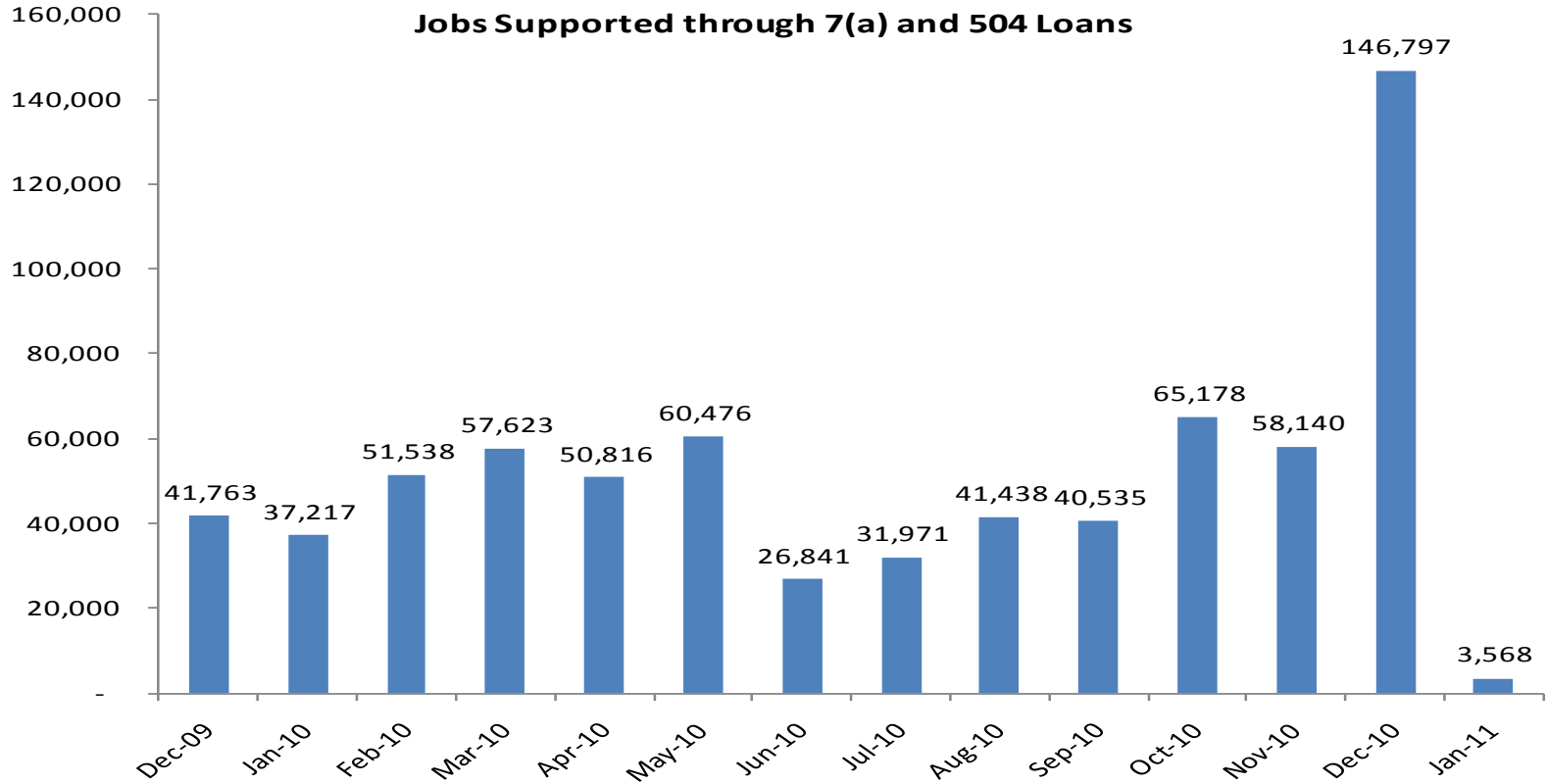
NOTE: Normalized for market holidays and disruption caused by Washington, DC water outage (August 7, 2009) in period. All loan volumes are gross loan value approved. Typically, due to cancellations and loan size reductions, 15 – 20% of gross approval value does not get disbursed.

The Queue

- Re-established based on demand for 90% guaranty
- Re-using funds from canceled loans
- Funds available until March 4th, 2011



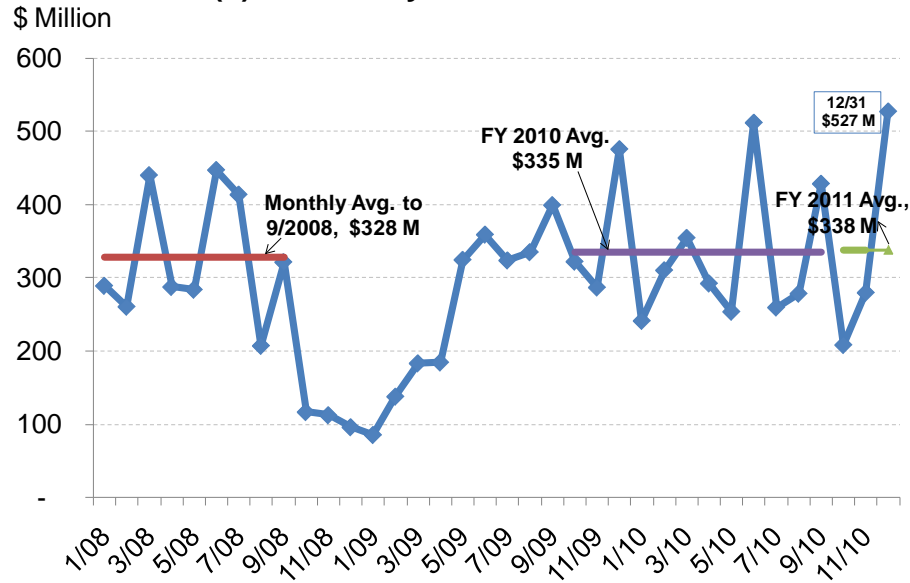
JOB GROWTH



TotalJobs FY11 = 273,683

Secondary Market Sales: December 31, 2010

7(a) Secondary Market Settled Value

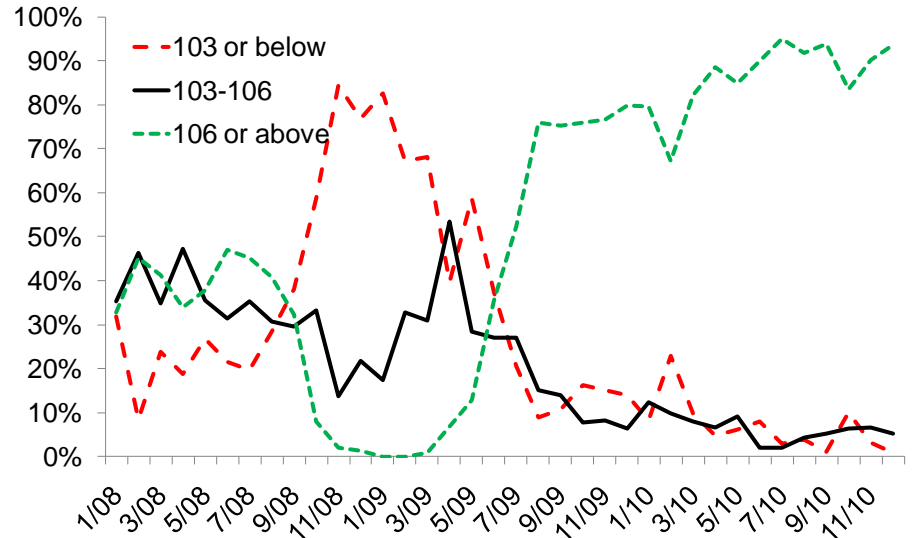


Recovery Continuing: Over the past 19 months, the average monthly loan volume settled from lenders to broker-dealers in the 7(a) secondary market has been \$339 million, which is above pre-recession averages.

In December 2010, nearly \$527 million settled in this market, which is 57% above the FY 2010 average.

Pricing

7(a) Secondary Market Premium Ranges



Premiums Recovered: Premiums recovered in the 7(a) secondary market, and for the past 12 months have been at 2007 levels.

Pricing Improved: In December, 95% of the loans settled, representing 94% of the total dollars, were sold above premiums of 106. In fact, 78% of the loans settled at 109.1 or more. By comparison, in January and February, 2009, zero loans sold at premiums at or above 106.

Export Assistance

- Law increased the maximum size of 7(a) International Trade Loans and Export Working Capital Loans to \$5 million, both with 90 percent guaranties
- Export Express which offers a streamlined application process is now permanent with a 90 percent guaranty for loans up to \$350,000 and 75 percent for loans between \$350,000 and \$500,000.
- Provides \$90 million in grants over three years beginning in mid-2011 for states to help small business owners start or grow their exporting efforts.
- Makes counseling and technical assistance more accessible by increasing the SBA's staff and other resources available to small business.

504 First Mortgage Secondary Market

- The first pool was completed in September of 2010.
- Since September, 10 pools for \$92 million
- Pool size ranges from \$10MM to \$32MM
- Average Pool Size is 9.2 million
- Pool Originators include large and small lenders and broker/dealers

504 First Mortgage Secondary Market

- Prices to lenders are very favorable
- Lender holds 15%
- Pool Originator holds 5%
- Investor owns 80%
- Investor has a full faith and credit, timely payment guaranty
- Several structuring options

Alternative Size Standards

- The maximum tangible net worth of the applicant is not more than \$15,000,000; and
- The average net income after Federal income taxes (excluding any carry-over losses) of the applicant for the 2 full fiscal years before the date of the application is not more than \$5,000,000.
- Simpler

Tax Changes

- 100% depreciation on equipment up to \$500,000 for 2011
- Simplified rules surrounding cell phone deductions for business
- HIRE act provides \$1,000 tax credit for hiring employees out of work for 60 days or more
- Zero capital gains on investments made in a small business in 2010

Coming Attractions

504 Refinancing

- Two Year Life
- Regulations under development
- The refi must be used for a loan where the original proceeds would have been 504 eligible
- Regulations expected in early spring
- This is a very high priority project.

504 Refinancing

- Will help prevent foreclosures and protect jobs—job retention goal is part of the program
- Will provide liquidity to bank so they can increase their small business lending

504 Refinancing

- Excellent for loans with balloons that need to be refinanced
- Strict eligibility criteria and specific risk mitigation strategies will be part of the program.
- Program is zero subsidy
- Additional fee on top of current ongoing fee will cover the costs.

504 Refinancing

- Authority to approve up to \$7.5 billion per year
- After two years, only the limited refinancing authority made permanent in the ARRA will apply

Community Advantage

- Loans up to \$250,000
- Same Guaranty Percentage as Regular 7(a)—85% up to \$150,000, 75% on loans up to \$250,000
- Available to “mission-focused” financial institutions--Community Development Financial Institutions, Certified Development Companies and non-profit microlending intermediaries
- Open to all borrowers, but the targets are women and minority owned small businesses and those in economically distressed areas

Small Loan Advantage

- Loans up to \$250,000
- Same guaranty percentage as Regular 7(a)—
85% up to \$150,000, 75% on loans up to
\$250,000
- Available to PLP lenders only
- Uses forms for Small/Rural Lender Advantage

Dealer Floor Plan Financing

- Statute mandated a pilot program through 2013
- Will be similar to the recently ended DFP pilot, with some major enhancements
- Can be used by car dealers as well as RVs, boats, manufactured homes, and other titleable property

Thanks For Your Time

Any Questions?