



May 20, 2009

SBA Launches ARC Loans for Struggling Businesses

What are SBA ARC Loans?

The ARC (America's Recovery Capital) loan program is an entirely new, temporary program authorized by the Recovery ACT to help viable small businesses bridge troubled economic waters. ARC loans are business stabilization loans up to \$35,000. The program is effective as of June 15, 2009.

ARC loans are deferred payment, no-interest loans to small businesses needing short-term help to make their principal and interest payments on existing, qualified non-SBA loans. ARC loans help businesses free up funds previously used for principal and interest that can then be used for working capital.

Who makes ARC loans?

ARC loans will be made by commercial lenders (not SBA directly), and carry a 100% SBA guarantee to the lender, with no associated SBA fees. Existing SBA lenders are eligible to make ARC loans.

What kinds of businesses will ARC loans benefit?

The program is for "viable" businesses — businesses that need some help today to pay interest and principal on an existing non-SBA loan.

What are the features of ARC loans?

- No SBA fees
- Loans are disbursed over six months to pay principle and interest on pre-existing non-SBA loans followed by 12 months during which no repayment is required.
- After the 12-month deferral period, the borrower pays back only the ARC loan principal over a period of up to five years.
- No repayment of interest is required.
- Funds may also be used for other business debt payments such as mortgages, lines of credit, capital leases, credit card obligations and notes payable to vendors, suppliers and utilities.

This new ARC loan program is intended to give existing, viable small businesses who are suffering immediate financial hardship temporary relief to keep their doors open and get their cash flow back on track so they can retain existing jobs and ultimately create new jobs.

We will keep you in the loop as additional details become available.

For additional information, contact the Reno SBA office at 775-827-4923 or go to www.sba.gov and click on the ARC loan icon. On the ARC loan page, you may also click on [Learn How SBA Can Help](#), enter your contact information and a local SBA representative will contact you to answer questions.

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