



Access to Capital Legislative Update

House Passes the Small Business Financing and Investment Act of 2009 (H.R. 3854)

On Thursday, October 29th, The House passed H.R. 3854, The Small Business Financing and Investment Act of 2009, by a vote of 389 Yeas to 32 Nays. This bill reauthorizes SBA programs and if enacted the bill will be in effect for two years.

[Click here](#) to read the text of the bill.

[Click here](#) to see how your Congressional Representative voted.

Improvements for Existing Programs:

- A 50% increase in maximum size of 7(a) loans from \$2 to \$3 million.
- Increased guaranty to 90% on 7(a) loans (as set under the Stimulus bill)
- No fees on 7(a) or CDC loans (as set under the Stimulus bill)
- ARC loan program (as set under Stimulus bill):
 - Reduced documentation
 - Expanded eligibility
 - Increase in max loan amounts from \$35,000 to \$50,000
- Establishment of a Capital Backstop Program under which the SBA will provide assistance to lenders for 7(a) loans
- Encouragement of lender (community banks) participation in 7(a) loans by simplifying the process and providing support
- Creation of a Small Bank Outreach program to identify and support small banks and community lenders
- Direction to the SBA Administrator to actively engage in affirmative actions to expand the number of investment companies in the New Markets Venture Capital (NMVC) and Renewable Energy Capital Investment (RECI) programs and ensure that both programs have a broad nationwide distribution.

New Programs:

In addition to extending and enhancing existing programs, the bill also creates two new programs. The first newly created program, the Small Business Early Stage Investment (SBESI) program, assists early-stage small businesses in capital-intensive industries. Under this bill the SBA will provide matching grant funding to act as a co-investment to investment companies who wish to invest in small start-

ups.

The second new program, The Small Business Health Information Technology (HIT) Financing program, will be put in place for small firms whose access to capital is limited by the cost of financing and will provide small businesses with access to equity investing and affordable credit. Specifically, it will make capital available to small health practices for the purpose of purchasing HIT.

There were a total of 16 amendments to the bill that were agreed upon. Some amendments of note included: Rep. Schock offered an amendment that requires the SBA to provide quarterly reports on the progress towards the expansion of the Renewable Energy Capital Investment Program; Rep. Gingrey offered an amendment that increases the period to participate in the Small Business Health Information Technology (HIT) Financing Program from 5 years to 7 years; rep. Kratovil offered an amendment to give the SBA Administrator authority under the 7(a) program to guarantee 100 percent of loans made to veteran owned small businesses; Rep. Massa offered an amendment that creates youth entrepreneurship programs within the SBA; Rep. Peters offered an amendment that further increases the maximum amount of ARC loans in high unemployment areas to \$75,000.