



News Release

PRESS OFFICE

Release Date: October 29, 2004
7654

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Release Number: 04-79
www.sba.gov/news/

Internet Address:

Record Demand Continues for Government-Backed Small Business Loans

WASHINGTON - The U.S. Small Business Administration reported that since the start of the fiscal year, during the period of October 1 through October 22, the agency approved a total of 6,215 loans for a total dollar amount of \$1.036 billion in its flagship 7(a) loan guarantee program.

Net of carry-over loan applications received before October 1, the SBA approved 4,669 loans for \$659 million. That compares to 4,205 loans approved for just under \$644 million for the same period last fiscal year. Excluding carry-over applications, the average daily loan volume is approximately \$50 million, higher than during the same period last fiscal year.

The increase in loan volume indicates that, as expected, the small increase in fees in October to the levels found between 1995 and 2001 has not significantly affected demand. In the process, the 7(a) program is now at zero subsidy, where it has become self supporting through fees paid by the borrowers and lenders, returning millions of dollars to the taxpayer while continuing to grow to record levels.

SBA Administrator Hector V. Barreto said that "We have started off the fiscal year with a solid demand for loans, running at a higher rate than last year. This clearly indicates that small businesses are being started and expanding, they have confidence in the economy and in the process are creating jobs."

The increases follow very successful growth in the lending program. In fiscal year 2004, which concluded on September 30, the agency disbursed 74,825 loans for \$12.5 billion in the 7(a) program, surpassing a record set the previous fiscal year.

"The 7(a) lending program is running very well and that is good for small businesses," Barreto said.

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