

Oakland County Business Center

SBA ARC Loan Fact Sheet

SBA ARC (American Recovery Capital) loans provide an immediate infusion of capital to small businesses to assist with making payments of principal and interest on existing debt. These loans allow borrowers to redirect cash flow from making loan payments to investing in their businesses, helping sustain their businesses and retaining jobs. **Banks will begin taking applications effective June 15, 2009. ARC loans will be offered by some SBA lenders for as long as funding is available or until September 30, 2010, whichever comes first.**

ARC Loans are:

- Not designed for start-up businesses
- Not for borrowers whose loans are already severely delinquent
- Not for borrowers whose past performance or future cash flow indicates that the business is not viable
- Available to viable, for-profit small businesses in the U.S. that have qualifying loans
- Interest-free to the borrower
- Up to a maximum of \$35,000
- 100 percent guaranteed from the SBA to the lender
- Fee-free and provide proceeds over a six-month period

Repayment:

- Deferred for 12 months after the last disbursement of the proceeds
- Can extend up to five years

Qualifications:

The best candidates for ARC loans are small businesses that in the past were profitable but are currently struggling, yet have been making loan payments or are just beginning to miss loan payments due to financial hardship.

Your small business must:

- Be an established business
- Have financial statements demonstrating it was profitable in one of the past three years
- Project sufficient cash flow to meet current and future loan payments over a two-year period from loan approval

Qualifying Loans:

- Credit card obligations for your business
- Capital leases
- Notes payable to vendors/suppliers
- Development Company Loan Program (504) first lien loans
- Other loans to small businesses made without an SBA guaranty
- Loans made by or with an SBA guaranty on or after Feb. 17, 2009