

Small business stimulus help just weeks away

SBA programs aim to help firms survive recession

BY RICHARD BILBAO

Eddie Diaz knows firsthand about the economic recession's toll on local businesses both large and small.

More than \$200,000 in cash flow has dried up at Diaz's 6-year-old entertainment and events marketing firm, Encore Creations Inc., since the beginning of 2009. "When you lose that much, it sets you back," said Diaz, CEO of the Belle Meade-based company.

As a result, he's been hunting for any help he can find. Enter the American Recovery and Reinvestment Act of 2009, signed by President Barack Obama in February.

Of the hefty \$787 billion plan, \$730 million is expected to go to the U.S. Small Business Administration to support small businesses, which drive much of the nation's economy.

Nearly 99.7 percent of all firms in the U.S. are considered small businesses, which employ half of all non-farm private-sector workers and make up most of the 10.6 million minority- and women-owned businesses.

Among the help available:

- The American Recovery Capital loan program, offering up to \$35,000 in deferred-payment loans backed 100 percent by the SBA for businesses needing help make payments on an existing, qualifying loan for up to six months.
- An SBA loan program to temporarily help broker-dealers who buy guaranteed 7(a) loans, which are long-term capital loans for small businesses.
- Temporary loan fee elimination and percent guarantee provisions to about \$7 billion of 7(a) loans and \$3.6 billion of SBA 504 loans, which help small to midsize businesses buy or expand.
- Expansion of the Surety Bond Program helping small businesses compete for contracts related to the American Recovery and Reinvestment Act.

"This loan program could be a big help for those who need extra funding to tighten out their cash-flow situations," said Eunice Choi, regional director at the University of Central Flori-



Choi



JIM CARCHIDI

Eddie Diaz of Encore Creations Inc. plans to seek an SBA loan.

da's Small Business Development Center, which works with small firms in Orange, Seminole, Osceola, Lake, Brevard, Volusia, Flagler and Sumter counties.

Many of the provisions are already in effect, but others, such as the American Recovery Capital loan program, are still in the works as officials seek to secure participating lenders. That program will take effect June 15.

In addition, UCF's Small Business Development Center is helping businesses that want more information on the SBA programs and how to decipher them.

However, while the American Recovery Capital loan program is a good start, it's still not nearly enough for the area's thousands of small businesses, said Chris Hurn, CEO and co-founder of Orlando-based Mercantile Capital Corp., a commercial real estate lending firm that provides SBA 504 loans.

The small business community "is such a critical part of the U.S. economy and it's getting 1 percent of the stimulus funds. That seems like a horrible disparity," he said.

Hurn hasn't gotten many calls from clients inquiring about the SBA's Ameri-

Stimulus safety net

A few of the \$787 billion stimulus package programs created to attack small business troubles include:

- American Recovery Capital (ARC) loan program
- Providing temporary loan fee elimination and 90 percent guarantee provisions
- Expanding the Surety Bond Program
- Expanding SBA's microloan program
- A new Section 504 refinancing program

For more SBA information, see www.sba.gov/recovery/

For UCF's Small Business Development Center, see www.bus.ucf.edu/SBDC/

Source: U.S. Small Business Administration

can Recovery Capital loans, probably due to the fact that most need more than the \$35,000 limit.

But Diaz said he's anxious to tap into any help. "We are still not out of the woods, so it wouldn't hurt to apply."

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