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SMALL BUSINESS ADMINISTRATION

13 CFR Part 120

American Recovery and Reinvestment Act: America's Recovery  
Capital (Business Stabilization) Loan Program

AGENCY: U.S. Small Business Administration.

ACTION: Notice of ARC loan program interest rate.

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SUMMARY: SBA has published an interim final rule implementing section 506 of the American Recovery and Reinvestment Act of 2009. The rule establishes a temporary program to guarantee loans to viable small business concerns that have a qualifying small business loan, and are experiencing immediate financial hardship. Loans made under this program, referred to as ``America's Recovery Capital Loan Program'' (ARC Loan Program) can be used to make principal and interest payments on existing qualifying small business loans. ARC Loans are interest free to the borrower with SBA making the interest payment on the loan to the lender. As part of the interim final rule, SBA provided that the interest rate would be published in the Federal Register. This notice establishes the initial interest rate for ARC Loans at prime plus two percentage points.

DATES: The interest rate is effective as of June 10, 2009.

FOR FURTHER INFORMATION CONTACT: Janet A. Tasker, Office of Capital Access, Small Business Administration, 409 Third Street, SW., Washington, DC 20410 or via e-mail at [ARCloanprogram@sba.gov](mailto:ARCloanprogram@sba.gov).

SUPPLEMENTARY INFORMATION:

I. Background Information

The American Recovery and Reinvestment Act of 2009 (the Recovery Act), Public Law 111-5, 123 Stat. 115, was enacted on February 17, 2009, to, among other things, promote economic recovery by preserving and creating jobs, and assisting those most impacted by the severe economic conditions facing the nation. SBA is one of several agencies that will play a role in achieving these goals. SBA received funding and authority through the Recovery Act for several actions to help small business lending, including authority to establish a new temporary loan program to help troubled businesses.

SBA has published in the Federal Register an interim final rule

establishing a temporary program to guarantee loans to viable small business concerns that have a qualifying small business loan, and are experiencing immediate financial hardship. Loans made under this program, referred to as ``America's Recovery Capital Loan Program'' (ARC Loan Program) can be used to make principal and interest payments on existing qualifying small business loans. ARC Loans are interest free to the borrower with SBA making the interest payment on the loan to the lender. As part of the interim final rule, SBA provided that the interest rate for ARC Loans would be published in the Federal Register.

This notice establishes the interest rate for ARC Loans. SBA will pay SBA lenders a variable rate of interest on ARC Loans. The interest rate SBA will pay on an ARC Loan is the prime rate in effect on the first business day of the month, as printed in a national financial newspaper published each business day, plus two (2) percentage points.

The initial interest rate for ARC Loans will be based on the prime rate that was in effect as of the first business day of the month in which SBA received the loan application. The interest rate will be adjusted on the first business day of each month thereafter, using the prime rate in effect on such date.

Any future change to interest rates paid by SBA on ARC Loans will be published in the Federal Register.

Eric Zarnikow,  
Associate Administrator, Office of Capital Access.  
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