



Senate OKs \$30 billion loan fund for small businesses

By [Laura Petrecca](#), USA TODAY

Small firms across the country should soon be able to get more loans and save money on them.

After months of partisan wrangling, the Senate on Thursday passed legislation that includes a controversial \$30 billion fund to help community banks make loans to small businesses. The bill is expected to easily pass the House because it already approved similar legislation.

Once President Obama signs the bill, hundreds of companies waiting in the Small Business Administration "Recovery Act Queue" will be able to get loans, get larger loans and have loan fees waived. Those not getting SBA-backed loans also will reap benefits, such as \$12 billion in tax breaks.

The legislation will "make a difference for millions of small-business owners across the country," Obama said Thursday. Yet while many politicians and small businesses are celebrating, others are grumbling.

The \$30 billion lending fund was one of the largest points of contention. That fund would allow about 8,000 community banks with assets of up to \$10 billion to give loans to small businesses. Opponents view the fund as a smaller version of the maligned large-bank bailout program, the Troubled Asset Relief Program, or TARP. Others are concerned about how the provisions will be implemented and if small businesses will really tap into the new capital.

"It's critical now that (the administration) get the execution right," says Mitch Jacobs, founder of On Deck Capital, which helps small businesses get access to financing. "TARP was a disaster," he says. "It did very little to help Main Street." He is concerned that if the nation's entire lending system isn't re-evaluated, the legislation will be ineffectual. "Putting more gas in a broken system gets you nowhere," he says.

Entrepreneur Jason Jacobs says many businesses won't even borrow money to expand or hire new workers until they are confident that the economy is improving. "Nobody I know will borrow money for the sole purpose of creating payroll," he says.

Yet supporters say this fund is needed.

Entrepreneur Steve Smith, from Cedar Rapids, Iowa, has considered purchasing a manufacturing or service business. He says the increased loan limits — such as the rise from \$2 million to \$5 million on a loan to purchase real estate — would give him more incentive to do so.

Joseph Roth, who runs a family medical practice in Delton, Mich., says he'll save about \$17,000 on a loan to open a new office building. "It's a nice chunk of change."