United States

Small business lending

The United States Small Business Administration (USSBA) broadly classifies small businesses as any firm with 500 or fewer employees.[1] These firms account for more than 5 million businesses, or 99% of all firms. They employ slightly over half of the private sector's employees, pay about 44% of the total private sector payroll, generate about 65% of net new private sector jobs, and create more than half of the nonfarm private Gross Domestic Product.[2]

Table 4.73. **Distribution of firms[1] in the United States, 2009**

By size of firm

Firm size (employees)	Number	%
Total firms	**5 088 114**	**100.0**
SMEs (1-499)	**5 067 879**	**99.6**
Micro (1-9)	*3 851 578*	*75.7*
Small (10-99)	*1 130 064*	*22.2*
Medium (100-499)	*86 237*	*1.7*
Large (500+)	**20 235**	**0.4**

1. A firm is a business organisation consisting of one or more domestic establishments that were specified under common ownership or control. The firm and the establishment are the same for single-establishment firms. For more details see: *www.ces.census.gov/index.php/bds/bds_database_list*.

Source: US Census Bureau, *Business Dynamics Statistics*.

StatLink http://dx.doi.org/10.1787/888932580462

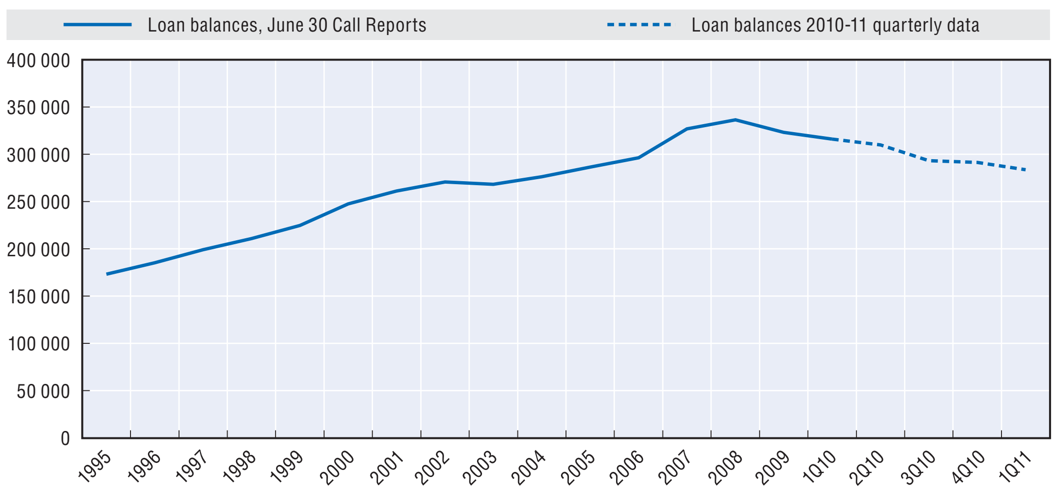
A detailed analysis of the changes in demand and supply for small business credit is hampered by a lack of meaningful data. This is especially true for high frequency data on privately held small businesses.[3] This lack of data has significantly impeded an understanding of the impact of the recent credit contraction on small business credit markets.[4] Notwithstanding these data limitations, it became clear that credit to small businesses experienced a pronounced contraction. It is unclear, however, if lending to large firms contracted at the same pace. On the one hand data from the Federal Reserve seem to indicate that the lending contraction to small firms was more pronounced than the lending contraction to large firms. On the other hand data from the Federal Deposit Insurance Corporation (FDIC) seem to indicate that the credit contraction was just as severe for small and large firms.

Unfortunately, these lending statistics are un-weighted diffusion indices, thus do not contain any information on the level of or quantity change in the *volume* of lending supplied by these institutions. At best, a general directional change in the level of credit supply can be inferred.

A rough sense of the lending level supplied to small firms by depository institutions, which provide about 64 per cent of traditional credit to small businesses, can be obtained from the Federal Deposit Insurance Corporation (FDIC) Call Reports.[5] These provide end-of-quarter loan balances held by these institutions. This dataset shows that, as of the second quarter of 2011, depository institutions holdings of small loans declined to USD 607 billion, representing a 15% drop from the peak level of USD 711 billion held at the end of the second quarter of 2008.

Figure 4.31. **Loan balances at depository institutions – commercial and industrial loans under USD 1 million, 1995-2011**

In USD millions



Source: FDIC, *Call Reports*.

StatLink http://dx.doi.org/10.1787/888932579227

This dataset most likely understates the decline in small business lending by these institutions. *End-of-quarter balances* of small loans are not the supply of small loans provided by these institutions *during the quarter*. In essence, these are inventory data that are often erroneously referred to as supply data. Thus, during the pre-crisis period, when the secondary markets were at their peak, financial institutions could easily sell loans they produced during the quarter, thus showing little to no change in their balance positions at the end of the quarter.[6]

Two types of small business loans are reported by the FDIC: 1) loans secured by nonfarm non-residential properties, commonly referred to as *commercial real estate* (CRE) loans; and 2) *commercial and industrial* (C&I) loans.[7] Small business loans are defined as business loans under USD 1 million. These business loans are further separated into three size categories: USD 100 000 or less, USD 100 000 plus through USD 250 000, and USD 250 000 plus through USD 1 million (see Table 4.74).

CRE and C&I small business loans outstanding declined by 8.0% and 4.1%, respectively in 2009-10. This dataset indicates that Large Business Loans outstanding declined 8.9%, while Total Small Business Loans outstanding declined 6.2% during 2009-10.

Table 4.74. **Value of small business loans outstanding for depository lenders, 2005-10**

By loan type and size, USD billions, nominal

Loan type and size at organisation	2005	2006	2007	2008	2009	2010	Change 09-10	
							Difference	%
Commercial real estate								
USD 100 000 or less	29.9	28.7	28.4	28.5	26.4	22.1	–4.3	–16.3
USD 100 000 to USD 250 000	62.4	65	68.8	68.6	67.1	59.6	–7.5	–11.2
USD 250 000 to USD 1 million	222.8	244.2	262.8	277.9	278.4	260.5	–17.9	–6.4
Total commercial real estate	315.1	337.9	360.1	375.0	372.0	342.3	–29.8	–8.0
Commercial and Industrial								
USD 100 000 or less	108.3	117.0	131.2	141.7	134.5	137.2	2.7	2.0
USD 100 000 to USD 250 000	54.5	54.7	57.5	57.3	55.1	21.2	–3.9	–7.1
USD 250 000 to USD 1 million	123.5	124.6	138.0	137.4	133.6	121.6	–12.0	–9.0
Total commercial and industrial	286.4	296.3	326.7	336.4	323.2	309.9	–13.3	–4.1
Total small business loans (USD 1 million and less)	601.5	634.2	686.8	711.5	695.2	652.2	–43.0	–6.2
Total large business loans (more than USD 1 million)	1 223.9	1 386.9	1 536.8	1 797.8	1 755.3	1 599.1	–156.2	–8.9
Total business loans	1 825.3	2 021.0	2 223.5	2 509.3	2 450.6	2 251.3	–199.2	–8.1
Total assets of depository lenders	9 461.7	10 261.3	10 789.9	11 708.4	11 905.1	11 707.5	–197.6	–1.7
Number of BHCs and independent lenders	7 662	7 594	7 456	7 360	7 224	7 023	–201.0	–2.8

Source: Federal Deposit Insurance Corporation, "Statistics on Depository Institutions", June 2005 through June 2010.

StatLink http://dx.doi.org/10.1787/888932580481

SME lending by lender size

Lenders of all sizes experienced declines in small business loans outstanding from 2009 to 2010 (see Table 4.75). Mega-lenders with USD 50 billion or more in assets had the largest dollar volume decline in small business loans outstanding, with a loss of more than USD 18 billion.

Table 4.75. **Value of small business loans outstanding, 2005-10**

By depository lender size, USD billions, nominal

Loan type and size at organisation	2005	2006	2007	2008	2009	2010	Change 09-10	
							Difference	%
Lenders by total asset size								
Less than USD 100 million	30.9	29.8	27.3	25.3	23.7	21.9	–1.8	–7.6
USD 100 million to USD 499.9 million	129.8	130.8	129.1	130.8	129.8	125.0	–4.8	–3.7
USD 500 million to USD 999.9 million	54.8	59.7	62.0	66.4	65.0	62.7	–2.3	–3.6
USD 1 billion to USD 9.9 billion	120.6	129.1	137.8	145.6	137	127.7	–9.4	–6.8
USD 10 billion to USD 49.9 billion	77.6	76.1	88.1	74.4	69.2	62.7	–6.5	–9.4
USD 50 billion or more	187.8	208.7	242.5	269.0	270.5	252.4	–18.2	–6.7
Total small business loans	601.5	634.2	686.8	700.5	695.2	652.2	–43.0	–6.2

Source: Federal Deposit Insurance Corporation, "Statistics on Depository Institutions", June 2005 through June 2010.

StatLink http://dx.doi.org/10.1787/888932580500

The number of *Total Small Business Loans* outstanding declined 3.4% during 2009-10, and was driven by the decline in C&I loans of less than USD 100 000, or micro loans (see Table 4.76). These C&I micro loans constituted about 88% of small business loans, and accounted for over 80% of the decline in the number of *Total Small Business Loans*.

Table 4.76. **Number of small business loans outstanding, 2005-10**

By loan type, millions of loans

Loan type and size at organisation	2005	2006	2007	2008	2009	2010	Change 09-10	
							Difference	%
Commercial real estate								
USD 100 000 or less	0.68	0.64	0.71	0.64	0.59	0.56	–0.03	–5.8
USD 100 000 to USD 250 000	0.47	0.72	1.11	0.51	0.51	0.46	–0.05	–9.0
USD 250 000 to USD 1 million	0.57	0.58	0.064	0.7	0.69	0.71	0.02	2.7
Total commercial real estate	1.71	1.95	2.46	1.84	1.79	1.73	–0.06	–3.4
Commercial and Industrial								
USD 100 000 or less	18.37	18.38	20.93	24.37	20.37	19.73	–0.64	–3.2
USD 100 000 to USD 250 000	0.54	0.52	0.62	0.55	0.54	0.51	–0.03	–5.6
USD 250 000 to USD 1 million	0.41	0.41	0.52	0.46	0.47	0.41	–0.06	–12.4
Total commercial and industrial	19.32	19.32	22.07	35.38	21.39	20.66	–0.73	–3.4
Total small business loans	21.03	21.26	24.53	27.22	23.18	22.39	–0.79	–3.4

Source: Federal Deposit Insurance Corporation, "Statistics on Depository Institutions", June 2005 through June 2010.

StatLink http://dx.doi.org/10.1787/888932580519

Mega-lenders held more than USD 16 billion or 72% of *Total Small Business Loans* in 2010, and were one of the two groups of lenders to experience growth in the number of small business loans. The increase in loans by mega-lenders has been largely credit card loans.

There are two small business loan concentration ratios. The first of these measures is the ratio of the Total Small Business Loans outstanding to the lender's Total Assets – here referred to as the *Total Assets Ratio*. The Total Assets Ratio declined steadily from 16.9% in 2005 to 15.3% in 2010 (see Table 4.78). The trend indicates that small businesses are somewhat less successful in competing with other uses of the capital held by lending institutions.

Table 4.77. **Number of small business loans outstanding from depository lenders, 2005-10**

By lender size, millions of loans

Loan type and size at organisation	2005	2006	2007	2008	2009	2010	Change 09-10	
							Difference	%
Lenders by total asset size								
Less than USD 100 million	0.49	0.47	0.44	0.41	0.41	0.31	–0.10	–24.7
USD 100 million to USD 499.9 million	1.45	1.66	2.01	1.41	1.38	1.23	–0.15	–10.7
USD 500 million to USD 999.9 million	1.86	2.00	1.86	1.83	1.85	1.94	0.09	4.8
USD 1 billion to USD 9.9 billion	3.05	2.81	4.91	5.17	1.22	1.14	–0.08	–6.7
USD 10 billion to USD 49.9 billion	4.61	2.55	3.03	3.46	3.19	1.56	–1.63	–51.2
USD 50 billion or more	9.57	11.79	12.28	14.95	15.13	16.21	1.08	7.1
Total small business loans	21.03	21.26	24.53	27.22	23.18	22.39	–0.79	–3.4

Source: Federal Deposit Insurance Corporation, "Statistics on Depository Institutions", June 2005 through June 2010.

StatLink http://dx.doi.org/10.1787/888932580538

The second ratio is the ratio of the Total Small Business Loans outstanding to Total Business Loans, or the *Total Business Loan Ratio* (see Table 4.79), which corresponds to the SME share in total business loans used in the OECD Scoreboard on SME and entrepreneurship finance. This ratio fell from about 77% in 2005 to under 69% in 2010.

Table 4.78. **Ratio of the value of small business loans outstanding to the value of total assets of depository lenders, 2005-10**

By lender size, ratio (percentage)

Loan type and size at organisation	2005	2006	2007	2008	2009	2010	Change 09-10	
							Difference	%
Lenders by total asset size								
Less than USD 100 million	16.36	16.30	15.77	15.94	15.82	15.36	–0.46	–2.9
USD 100 million to USD 499.9 million	18.78	18.59	18.3	17.94	17.43	16.72	–0.71	–4.1
USD 500 million to USD 999.9 million	15.01	14.82	14.69	14.63	14.06	13.78	–0.28	–2.0
USD 1 billion to USD 9.9 billion	11.35	11.70	11.74	11.48	10.75	10.21	–0.54	–5.0
USD 10 billion to USD 49.9 billion	5.65	5.65	6.33	6.18	6.53	6.07	–0.46	–7.0
USD 50 billion or more	4.42	4.33	4.18	4.48	4.84	4.68	–0.16	–3.3
Total small business loans	16.85	16.72	16.37	16.27	15.89	15.34	–0.55	–3.5

Source: Federal Deposit Insurance Corporation, "Statistics on Depository Institutions", June 2005 through June 2010.

StatLink http://dx.doi.org/10.1787/888932580557

Table 4.79. **Ratio of the value of small business loans outstanding to the value of total business loans outstanding for depository lenders, 2005-10**

By lender size, ratio (percentage)

Loan type and size at organisation	2005	2006	2007	2008	2009	2010	Change 09-10	
							Difference	%
Lenders by total asset size								
Less than USD 100 million	89.42	88.73	87.12	85.90	86.29	86.95	0.66	0.8
USD 100 million to USD 499.9 million	74.67	73.62	71.85	69.68	68.03	66.56	–1.47	–2.2
USD 500 million to USD 999.9 million	56.31	55.14	54.72	51.95	49.91	49.02	–0.88	–1.8
USD 1 billion to USD 9.9 billion	42.88	43.32	41.99	40.49	38.48	36.83	–1.65	–4.3
USD 10 billion to USD 49.9 billion	31.36	30.94	33.04	31.44	28.64	26.22	–2.42	–8.4
USD 50 billion or more	25.69	23.59	18.89	18.47	22.10	25.76	3.65	16.5
Total small business loans	77.45	76.09	74.07	71.57	70.02	68.99	–1.03	–1.5

Source: Federal Deposit Insurance Corporation, "Statistics on Depository Institutions", June 2005 through June 2010.

StatLink http://dx.doi.org/10.1787/888932580576

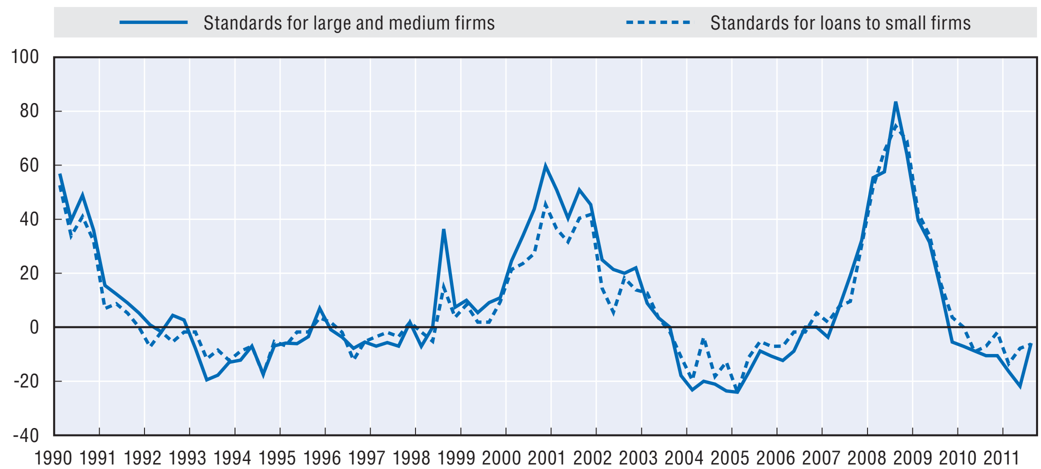
SME credit conditions

A close analysis of the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending practices indicates that during this cycle, financial institutions tightened credit to small firms for five quarters longer than credit to large firms (see Figure 4.32).[8] This pattern is the opposite of one set during the 2000-01 credit tightening cycle, when financial institutions tightening focused on large firms.

Interest rates declined on small and large loans but the spread in 2010 was 1.2%. The percentage of small business loans that had to provide collateral increased from 84% (2007) to 89% (2009). However, only 48.5% of large business loans had to provide collateral in 2009.

Figure 4.32. **Senior loan officer opinion survey on bank lending practices, 1990-2011**

By size of firm, net percentage of banks tightening standards for C&I loans



Source: Federal Reserve, "Senior Loan Officer Opinion Survey on Bank Lending Practices".

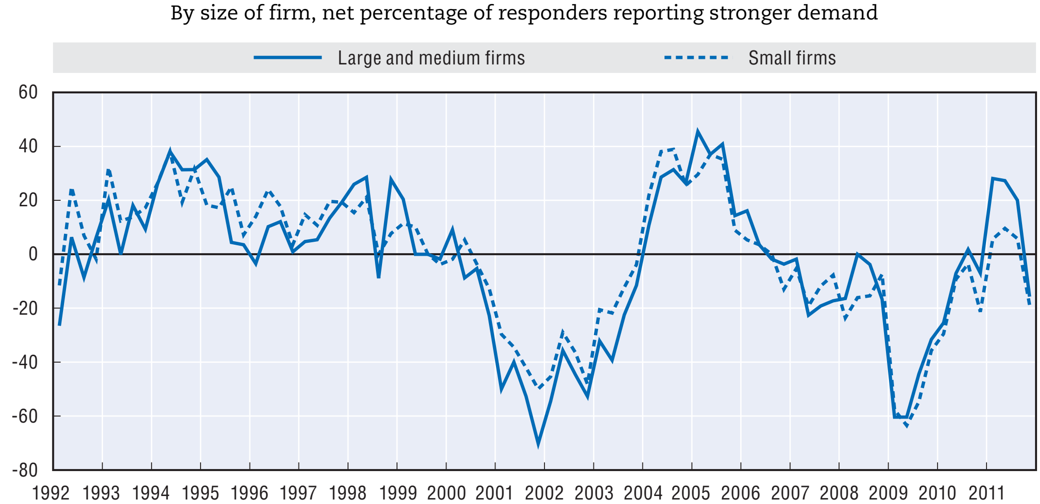
StatLink http://dx.doi.org/10.1787/888932579246

Small business credit demand

Data availability on small business credit *demand* is just as, if not more limited. Whatever data are available, indicate that demand did contract significantly during the recession (see Figures 4.33 and 4.34). The two major data sources on small business credit demand, however, portray a contradictory picture as to whether small business credit demand rebounded after the recession ended in July 2009. The Federal Reserve data indicate that credit demand by small, as well as large, firms followed a typical cyclical contraction-pattern and rebounded after the recession ended. Data from the National Federation of Independent Business (NFIB), however, indicate that small business credit demand continued to decline after the recession ended.

Figure 4.33. **Demand for commercial and industrial loans, 1992-2011**

By size of firm, net percentage of responders reporting stronger demand

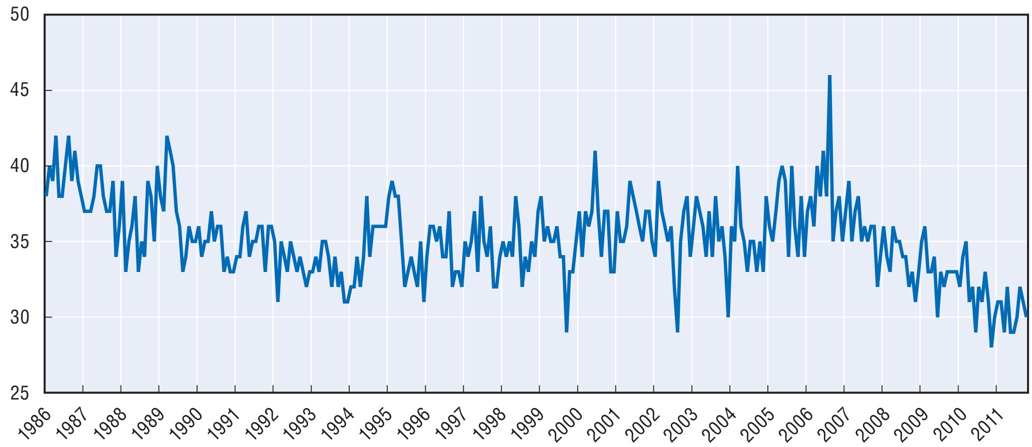


Source: Federal Reserve, "Senior Loan Officer Opinion Survey on Bank Lending Practices".

StatLink http://dx.doi.org/10.1787/888932579265

Figure 4.34. **Per cent of small firms borrowing at least once during the quarter, 1986-2011**

Monthly (seasonally adjusted), as a percentage



Source: National Federation of Independent Business (NFIB), "Small Business Economic Trends".

StatLink http://dx.doi.org/10.1787/888932579284

Other indicators

Bankruptcies more than doubled between 2007 and 2009 when they reached a peak of 60 837. They were still abnormally high in 2010 with 56 282 business failures.

Private equity financing

Given the dot.com bubble in 2001 and the losses incurred by private investors, both business angels and venture capital fell off sharply and did not recover in 2010.

Government policy response

The USSBA works with approximately 5 000 banks and credit unions, some 250 Community Development Corporations (CDCs), over 170 non-profit financial intermediaries and Community Development Financial Institutions (CDFIs), and approximately 300 small business investment companies (SBICs). The USSBA Capital Access Program has several major sub-programmes that provide guarantees and co-funding for a wide range of products designed to meet the diverse financial needs of small firms throughout their life cycle, starting from small start-ups to established firms.[9]

The largest of these, the *7(a) Loan Program*, provides guarantees for working capital loans up to USD 5.0 million to new and existing small businesses. The second largest sub-programme, the *Certified Development Corporation 504 Loan Program*, provides guarantees and co-funding for loans up to USD 5.0 million used for the purchases of fixed assets.

The financial and economic crisis of 2008-09 had a pronounced impact on the USSBA's Capital Access Programs. The volume of its two largest loan guarantee programmes declining from a monthly average of USD 1.7 billion during the 2005-07 period to a low monthly level of USD 687 million, an approximate 60% decline. The average dollar volume for these two programmes rebounded to USD 1.4 billion after major interventions by the federal government.

Table 4.80. **SBA 7a and 504 loan guarantees, 2000-10**

Various

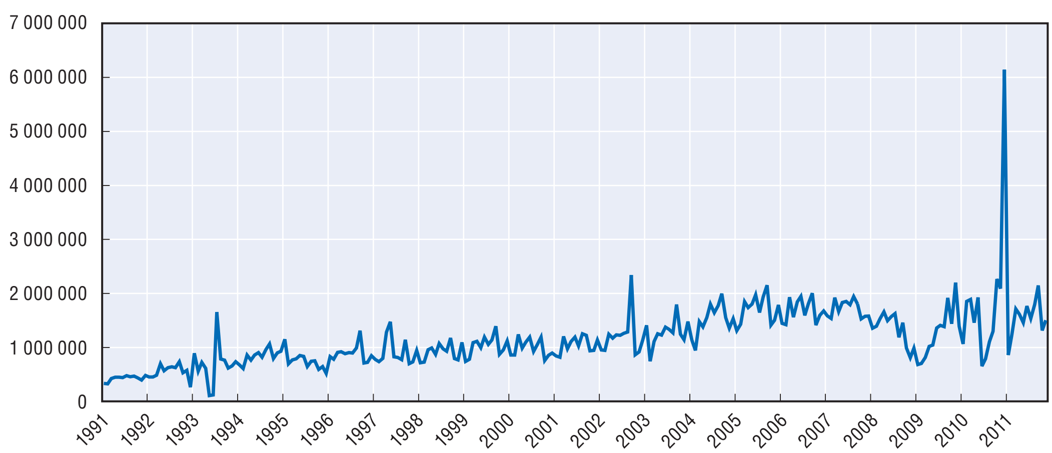
	Number	Year-on-year, %	Dollar value (USD million)	Year-on-year, %
2000	47 369	–4	11 903	–4
2001	49 551	5	12 670	6
2002	60 844	23	14 573	15
2003	79 369	30	15 380	6
2004	94 069	19	18 147	18
2005	103 370	10	20 534	13
2006	109 941	6	20 236	–1
2007	107 567	–2	20 611	2
2008	65 519	–39	16 064	–22
2009	57 020	–13	15 366	–4
2010	66 059	16	22 536	47

Source: USSBA.

StatLink http://dx.doi.org/10.1787/888932580595

Figure 4.35. **Gross loans guarantees, total 7(a) and 504 programs, 1990-2011**

In USD thousands



Source: USSBA.

StatLink http://dx.doi.org/10.1787/888932579303

To achieve this rebound in volume, the USSBA first provided additional incentives to financial institutions, and second it assisted in the unfreezing of the secondary market for USSBA loans.

The Agency employed additional funding received from Congress to temporarily increase its guarantees from around 75% to 90% of each loan for which USSBA provided guarantees.[10] The USSBA also temporarily reduced or eliminated the fees it charges financial institutions participating in its loan guarantee programmes. The Agency also increased its loan limits.

The second problem facing the USSBA was that, due to the sharp drop of interbank confidence, the volume in the secondary market for SBA (7a) backed loans dropped sharply just as it did in the commercial paper market. About 40% of 7(a) guaranteed loans are sold in the secondary market.

This market experienced a sharp drop during the second half of 2008, moving from an average monthly level of about USD 328 million to approximately USD 100 million during the first month of 2009. In response, on March 16, 2009 the President announced that as part of the *Financial Stability Plan* (FSP), the Department of Treasury would purchase USD 15 billion of USSBA loans on the secondary market.[11] Through this programme the government promised to be a buyer of last resort for these recent loans.

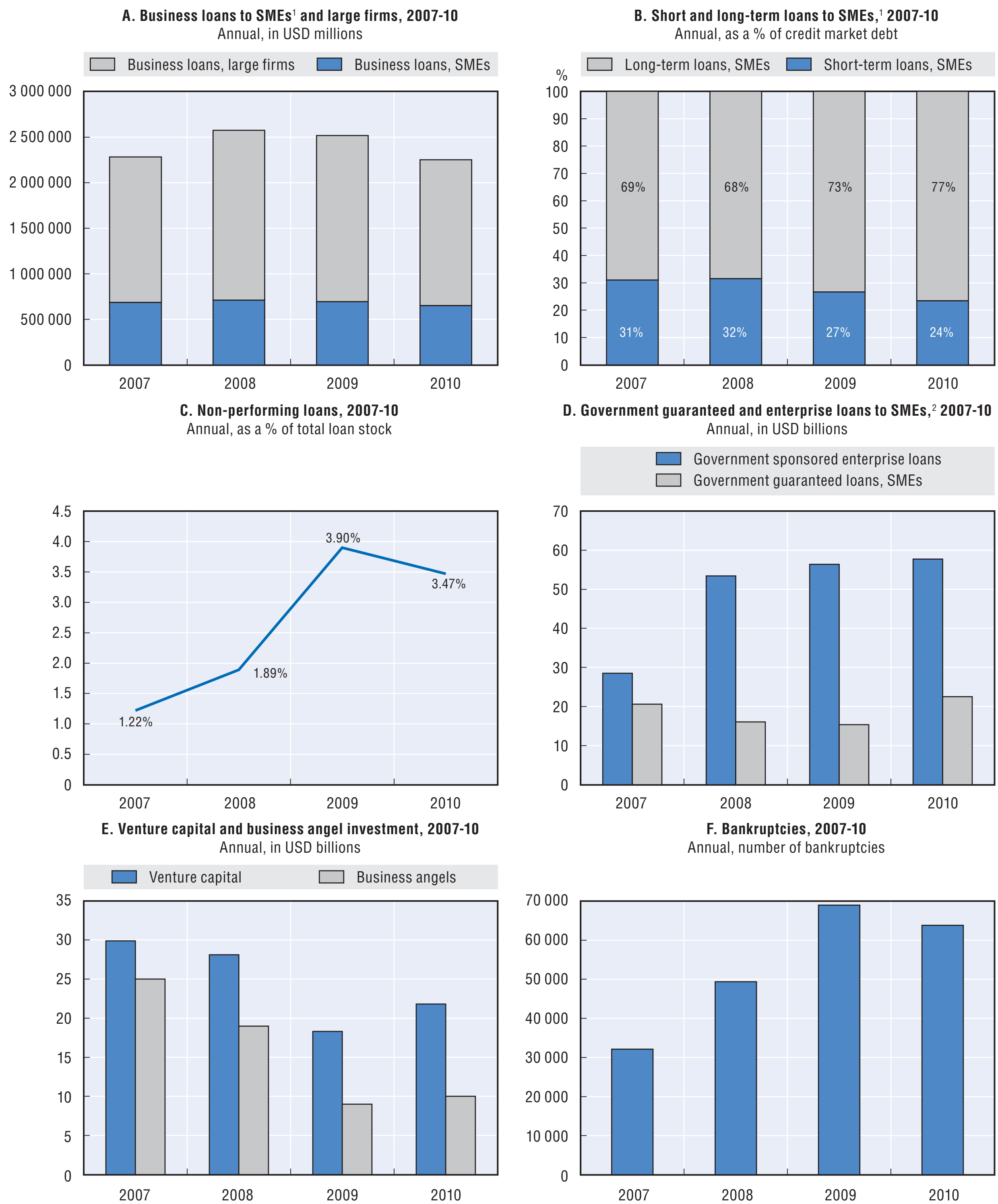
Table 4.81. **Financing SMEs and entrepreneurs: Scoreboard for the United States, 2007-10**

Indicators	Units	2007	2008	2009	2010
Debt					
Business loans, SMEs	USD millions	686 760	711 453	695 227	652 259
Business loans, total	USD millions	2 280 385	2 572 667	2 517 001	2 251 300
Business loans, SMEs	% of total business loans	30.1	27.7	27.6	29.0
Short-term loans, SMEs	% of credit market debt	31.1	31.6	26.7	23.5
Government sponsored Enterprise loans	USD billions	28.5	53.4	56.4	57.7
Government guaranteed loans, SMEs	USD billions	20.6	16.1	15.4	22.5
Ratio of loans authorised to requested, SMEs	%	71.8	66.6	. .	. .
Non-performing loans, total	% of loan stock	1.22	1.89	3.90	3.47
Interest rate, loans < USD 100 000	%	7.7	5.8	5.3	5.4
Interest rate, loans between USD 100 000-499 000	%	7.1	5.2	4.5	4.7
Interest rate, loans between USD 500 000-999 999	%	7.8	4.3	3.8	4.2
Collateral, loans < USD 100 000	% of loans secured by collateral	84.2	84.7	89.2	. .
Collateral, loans USD 100 000-USD 999 999	% of loans secured by collateral	76.4	70.9	77.6	. .
Collateral, loans USD 1 000 000-USD 999 999 999	% of loans secured by collateral	46.7	42	48.5	. .
Equity					
Venture capital	USD billions	30	28	18	22
Venture capital	Year-on-year growth rate, %	. .	–6	–35	19
Other					
Bankruptcies, total	Number	28 322	43 546	60 837	56 282
Bankruptcies , total	Year-on-year growth rate, %	. .	53.8	39.7	–7.5

Sources: Refer to Table 4.82 "Definitions and sources of indicators for the United States' Scoreboard".

StatLink http://dx.doi.org/10.1787/888932580614

Figure 4.36. **Trends in SME and entrepreneurship finance in the United States**



1. For loans up to USD 1 million.
2. Proxied by loans sponsored by the Small Business 7(a) loan program.

Sources: Chart A: FDIC, Consolidated Reports of Condition and Income for US Banks and thrift institutions. Chart B: Federal Reserve, Flow of Funds Accounts of the United States. Chart C: Federal Reserve Board. Chart D: Federal Reserve and USSBA. Chart E: PwC Money Tree Survey, Venture Capital Association and Center for Venture Research. Chart F: Adm. Office of US Courts: Business Bankruptcy Filings.

StatLink http://dx.doi.org/10.1787/888932579322

Table 4.82. **Financing SMEs and entrepreneurs: Definitions and sources of indicators for the United States' Scoreboard**

Indicators	Definitions	Sources
Debt		
Business loans, SMEs	Loan balances held at financial institutions, loans to non-financial firms, loans up to USD 1 million.	FDIC, Consolidated Reports of Condition and Income for US Banks and thrift institutions, June 30 reports.
Business loans, total	Loan balances held at financial institutions, loans to "Commercial Real Estate", "Commercial and Industrial Loans", and "Commercial real estate loans not secured by real estate".	FDIC Call reports
Short-term loans, SMEs	Loans to non-financial corporations with a duration of less than one year, loans up to USD 1 million, flows.	Federal Reserve, Flow of Funds Accounts of the United States, Table L102, line 43, "Short-term debt/credit market debt".
Government sponsored Enterprise loans	Government sponsored enterprise loans to non-corporate partners.	Federal Reserve, Flow of funds reports.
Government guaranteed loans, SMEs	Full value of guaranteed loans outstanding for working capital and fixed assets. Government guaranteed loans to SMEs by the Small Business 7(a) loan program, which are the most basic and most commonly used type of loans.	USSBA, 7(a) and 504 loan guarantee program
Ratio of loans authorised to requested, SMEs	Approval rate.	Kauffman Foundation, Firm Survey Micro data
Non-performing loans, total	CandI bank loans, 30 days past due, all sizes, as a percentage of loan stock.	Federal Reserve Board
Interest rate, loans < USD 100 000	Annual average from quarterly data.	Fed. Res. Board, Survey of Terms of Business Lending, E2 Release
Interest rate, loans between USD 100 000-499 000	Annual average from quarterly data.	Fed. Res. Board, Survey of Terms of Business Lending, E2 Release
Interest rate, loans between USD 500 000-999 999	Annual average from quarterly data.	Fed. Res. Board, Survey of Terms of Business Lending, E2 Release
Collateral, SMEs	The percentage of loans secured by collateral.	Fed. Res. Board, Survey of Terms of Business Lending, E2 Release
Equity		
Venture capital	Investment in all enterprises.	PwC Money Tree Survey, Venture Capital Association
Other		
Bankruptcies, total	Bankruptcy data are 12 month numbers for 30 September of each year, all enterprises.	Adm. Office of US Courts: Business Bankruptcy Filings

Notes

1. The USSBA has two different approaches for defining small firms. The first approach is to define any firm with less than 500 employees as "small". This practice was first established by the Small Business Act of 1953. However, the same Act required the USSBA to establish a size standard that "should vary to account for differences among industries". Second, the Act called on the USSBA to "assist small businesses as a means of encouraging and strengthening their competitiveness in the economy". These two considerations are the basis for the SBA current methodology for establishing small business size standards. For further details see The US Small Business Administration (2009) SBA Size Standard Methodology.
2. For more details on the importance of small businesses in the US economy see The US Small Business Administration, Frequently Asked Questions.
3. For example, the Federal Financial Institutions Examination Council (FFIEC), as part of the Community Reinvestment Act of 1977, once a year publishes loan-origination data, including business loans, reported by various financial institutions. For further detail see FFIC *www.ffiec.gov/*.
4. For a detailed discussion on the lack of data on small business credit markets and its impact on the policy making process, see (Congressional Oversight Panel, 2010).
5. For data on balances held by depository institutions see FDIC, Call Reports. For data and discussion on the share of credit supplied to small businesses see US Small Business Administration (2009) Small Business in Focus: Finance.

6. For example, an institution may underwrite USD 100 million in small business loans in one quarter, and sell USD 50 million of those loans on the secondary market. As a result, the institution's balance sheet would increase by USD 50 million. In the following quarter, the same institution may underwrite only USD 75 million in small business loans, and sell only USD 25 million of these loans on the secondary market. Once again, the institution's balance sheet would increase by another USD 50 million. Hence, the balance sheet position continues to expand at the same USD 50 million pace, when in fact there was a USD 25 million reduction in its underwriting.
7. This section is based on US Small Business Administration Office of Advocacy, *Small Business lending in the United States*, 2009-10.
8. See Board of Governors of the Federal Reserve System, "Senior Loan Officer Opinion Survey on Bank Lending Practices".
9. For further details on the SBA's Capital Access Programs see *www.sba.gov*.
10. The USSBA provides a range of guarantees through its various guarantee products. For a quick reference on the details of its loan guarantee programs see the US Small Business Administration, Quick Reference to SBA Loan Guarantee Programs.
11. The Federal Reserve had already started to purchase some SBA guaranteed loans under the Term Asset-Backed Securities Loan Facility (TALF). For more details see Board of Governors of the Federal Reserve System, Term Asset-Backed Securities Loan Facility (TALF) Terms and Conditions, and the (White House Office of the Press Secretary 2010).

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