

## Corporate & Financial Weekly Digest

Posted at 1:13 PM on September 24, 2010 by [Jeffrey M. Werthan](#)

### **Congress Passes Small Business Lending Bill**

The Senate and the House of Representatives have passed the small business lending bill. The legislation, among other things, creates a \$30 billion fund to provide capital for banks with assets under \$10 billion to increase their small business lending. Assuming that the President signs the bill, which is expected shortly, the U.S. Treasury Department is expected to begin working with regulators within a week to develop the program's term sheet and application. The bill also includes provisions that increase the Small Business Administration 7(a) guarantee program's maximum loan size from \$2 million to \$5 million, and provide \$505 million to maintain its temporary 90% loan guarantee. Other provisions in the legislation provide \$1.5 billion in grants to support \$15 billion in new small business lending through already successful state programs, and reduce small business taxes by allowing firms to carry back general business tax credits to offset their taxes from the previous five years. Among the critical issues that will be considered by regulators is whether to treat the capital investments made through the new fund as Tier 1 capital.

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