



# News Release

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## **SBA Re-launches Dealer Floor Plan Pilot Loan Program**

*New maximum loan size increased to \$5 million by Small Business Jobs Act*

**WASHINGTON** – A pilot loan program aimed at increasing access to inventory financing for auto, boat, RV and other dealerships will be re-launched Tuesday (2/8) and will be effective through Sept. 30, 2013, the U.S. Small Business Administration announced today.

The Small Business Jobs Act of 2010 included a provision for re-launching SBA's Dealer Floor Plan (DFP) Pilot Loan program, which first became available in July 2009. The pilot is part of the SBA's overall 7(a) loan guarantee program. The Jobs Act also increased the maximum size for 7(a) loans to \$5 million, up from \$2 million, which includes loans made through the DFP pilot program.

“As a result of the credit crunch in late 2008 and early 2009, dealerships saw a significant decline in the availability of this type of inventory financing,” SBA Deputy Administrator Marie Johns said. “SBA's original DFP pilot program was launched as a way to expand the availability of floor plan financing and the Jobs Act added further enhancements to that program, including allowing for larger loan sizes.

“Dealerships are a cornerstone of local business communities,” Johns continued. “As we continue to see our economy recover, the re-launch of this pilot provides another tool, alongside SBA's other programs, to help them succeed and create jobs in their local communities.”

The rules and regulations for the pilot will be available Tuesday on the website of *The Federal Register*, and in print editions on Wednesday. A procedural guide to the program will be posted on the SBA website at: <http://www.sba.gov/content/dealer-floor-plan-financing-program-0>.

Floor plan financing is a revolving line of credit that allows a dealership to obtain financing through SBA's 7(a) program for inventory that can be titled, such as autos, RVs, manufactured homes, boats and trailers. As each piece of collateral is sold by the dealer, the loan advance against that piece of collateral is repaid. As the loan is repaid, the dealer can borrow against the line of credit to add new inventory.

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The program is available to qualifying small businesses, including new and used automobile, motorcycle, RV, manufactured homes and boat dealers. SBA has issued a new maximum alternative size standard to allow businesses with \$15 million net worth and \$5 million in net income measured over two years to have access to the program.

All SBA-approved lenders may make DFP loans. Lenders with more than \$1 billion of floor plan lines of credit in their current portfolios may apply for delegated authority, which would expedite the lending process.

Borrowers interested in obtaining a DFP loan should contact their lender or their nearest SBA field office to get a list of SBA-approved lenders in their area who may be participating in the program. Local district offices and contact information, as well as information on this and other SBA programs and resources, can be found at [www.sba.gov](http://www.sba.gov) or by calling the SBA Answer Desk at 1-800-U-ASK-SBA or TDD 704-344-6640.

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