

WASHINGTON- Today, Congressman Lee Terry (NE-02) introduced legislation to help small business owners that sell cars, trucks, RVs, motorcycles, and motorized farm implements. The bill would give the Small Business Administration (SBA) additional authority under its section 7(a) loan program to make loan guarantees up to \$20 million for businesses like auto dealerships that use "floor-plan" financing to maintain their inventory before the customer buys the vehicle.

"Small business owners who must obtain short-term financing to acquire and hold their inventory prior to sale to the customer are finding it difficult right now to get these loans that are critical to their business. This is not a bail-out, but simply an additional tool small business owners can use to help them get financing from their local bankers," said Terry.

The 7(a) loan program is designed to provide guarantees to lenders who may otherwise decide not to offer loans. Auto dealers have come to rely on auto manufacturers for inventory financing, but as a result of the credit-crisis, manufacturers are no longer providing financing to many dealers across the country, endangering jobs and local economies. An SBA loan guarantee will assure community banks who step in to provide floor-plan financing that their investment is safe.

