



# 2009 RECOVERY ACT



## HELPING SMALL BUSINESS START, GROW AND SUCCEED

### Dealer Floor Plan Financing Overview

The U.S. Small Business Administration is committed to providing small businesses with the tools and resources they need to survive in the current economic climate. Starting on July 1, 2009, through the Dealer Floor Plan, SBA will offer government-guaranteed loans to finance inventory for eligible auto, recreational vehicle, boat, manufactured home and other dealerships.

The DFP is a pilot program that allows dealers to borrow against retail inventory and acts as a revolving line of credit for a dealer to obtain financing for retail goods. The dealer repays the debt as the inventory is sold and can borrow against the line of credit to add new inventory.

#### **How it will work:**

Under the DFP pilot program, SBA will provide loan guarantees for lines of credit through its 7(a) program. DFP loans will be made through SBA lenders only for inventory that can be titled, such as autos, RVs, manufactured homes, boats and trailers. The pilot program will run through Sept. 30, 2010, at which time SBA will determine whether to extend the program.

DFP loans will be available for a minimum of \$500,000 up to the \$2 million allowable under the 7(a) program. With a maximum repayment term of five years, the loans will come with a 75 percent government guarantee. Borrowers will also benefit from the temporary elimination of fees on 7(a) loans made possible by the American Recovery and Reinvestment Act of 2009.

#### **Who it will help:**

The DFP program allows SBA lending partners to prudently extend a critical line of credit in these tough economic times to viable dealerships in a number of industries, including RV, auto, boat and manufactured homes. It will help restore their cash flow and in turn, save their business and countless jobs. For auto dealerships, in particular, it will provide the access to capital many of them need at this critical time as they go through the transition brought on by larger changes within their industry.

Because of the severe decrease of dealer floor plan financing over the last several months, each of these loans most likely will keep open a viable business that would have otherwise closed.

All loans will be made through SBA lenders to creditworthy dealerships meeting lender requirements, demonstrating sound finances and following viable business plans.

For more information, go to [www.sba.gov](http://www.sba.gov).