

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Completes Wind Down of TARP Small Business Program, Realizes \$8 Million Gain for Taxpayers


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WASHINGTON – Today, the United States Department of the Treasury announced the fifth and final disposition of securities within its Small Business Administration (SBA) 7(a) Securities Purchase Program, which was launched as part of the Troubled Asset Relief Program (TARP). On January 24, 2012, Treasury sold the eight remaining securities in the portfolio for approximately \$63.2 million in proceeds.

This sale marks the successful wind down of another TARP program. In total, Treasury recovered \$376 million through sales (\$335 million) and principal and interest payments (\$41 million) over the life of the SBA 7(a) Securities Purchase Program, representing a gain of approximately \$8 million to taxpayers on Treasury's original investment of \$368 million.

Treasury launched the SBA 7(a) Securities Purchase Program as part of the Obama Administration's efforts to help address the difficulties facing small businesses in the wake of the 2008 financial crisis. The actions that the Administration has taken include steps to provide more credit to small businesses in the primary market by temporarily increasing loan guarantees from 75 percent to 90 percent of an SBA 7(a) loan balance and eliminating certain loan origination fees as part of Recovery Act, and other important measures. Additionally, the Small Business Jobs Act President Obama signed into law in 2010 established two separate Treasury lending initiatives: the Small Business Lending Fund, which has provided capital to community banks with incentives to increase their small business lending; and the State Small Business Credit Initiative, which supports state-level small business lending programs.

The SBA 7(a) Securities Purchase Program helped facilitate the recovery of the secondary market for small business loans. Under this program, Treasury purchased securities comprised of the guaranteed portion of SBA 7(a) loans. These loans finance a wide-range of small business needs, including working capital, machinery, equipment, furniture, and fixtures. Treasury originally invested approximately \$368 million in 31 SBA 7(a) securities between March and September 2010. These securities comprised more than 1,000 loans from 17 different industries, including retail, food services, manufacturing, scientific and technical services, healthcare, and educational services. Through its purchases, Treasury injected much needed liquidity into this market to help restart the flow of credit, enabling pool assemblers to purchase additional small business loans from loan originators. Since Treasury began its purchases, the SBA 7(a) market has recovered with new SBA 7(a) loan volumes returning to pre-crisis levels.

Yesterday's sale completes the disposition of the SBA 7(a) securities portfolio, which is part of Treasury's ongoing efforts to wind down TARP. More than 77 percent (\$318 billion) of the \$414 billion funds disbursed for TARP have now been recovered through repayments and other income. For more details on Treasury's lifetime cost estimates for TARP programs, please visit Treasury's Monthly 105(a) Report to Congress on TARP at this [link](#) .

EARNEST Partners, who acted as Treasury's Financial Agent during the program, advised and executed the purchase and sale of securities on Treasury's behalf.

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