

# THE LENDER'S ADVANTAGE

July 2009

**INSIDE THIS ISSUE:**

<i>Celebrate Success</i>	1
<i>Dealer Floor Plan Financing</i>	2
<i>Upcoming Events</i>	2
<i>ARC Program</i>	2
<i>NADCO Training</i>	3
<i>504 Program Changes</i>	3
<i>America East</i>	3
<i>Lender Ranking</i>	4

**The Lender's Advantage**  
**Volume I**  
**Number 2**

*A publication by  
the U.S. Small Business  
Administration  
Massachusetts District  
Office*

*District Director:  
Robert H. Nelson*

*Editor:  
Elizabeth Moisuk*

Helping small businesses  
**start, grow and succeed.**



Your Small Business Resource

## Celebrate Success! Lender Awards



The SBA recognized the Massachusetts Small Business Week 2009 award winners at a reception hosted by Event Management as part of the New England Xpo for Business at the Boston Convention & Exhibition Center . More than 200 small businesses, economic development officials, SBA resource partners and others honored the winners at the event. Suzanne Bates, president and CEO of Bates Communications served as the emcee. (See more pictures of the winners on pages 2 and 3).

Among the small business awardees honored at the event were two of our lending partners, The Community Bank and John Fossett of Middlesex Savings Bank.

The Community Bank was named the National, New England and Massachusetts 1st Mortgage lender of the Year for 2009. A dedicated partner of the SBA, the Community Bank is a great supporter of the 504 Certified Development Company program. In fact, with 17 loan approvals in fiscal year 2008, they were the top First Mortgage Lender in Massachusetts. As nominator Matthew Collins of Granite State Economic Development Corporation puts it, "The bank has the mindset that if the business is buying or expanding real estate, then it should be a 504 loan. I wish more bankers would use this philosophy."

*continued on page 2*



Chris Richards, the Community Bank, SBA District Director Bob Nelson and David Curtis, president, The Community Bank



Bob Nelson and John Fossett of Middlesex Savings Bank

## CALENDAR

### Lunch & Learn Series:

These sessions will be held once a month at 12pm. The next session will be:

8/12/2009

Secrets from a Center Insider:

What I learned while I was in Citrus Heights

Dates and topics are subject to change.

Please note that the Lunch & Learn Series will only be available as a ReadyTalk web conference.

To access the conference, log into [www.readytalk.com](http://www.readytalk.com) with access code 3010102 on the date of the training and dial 866-740-1260 with access code 3010102.

Remember you must log into the web page and dial in on your phone to be able to hear and view the presentation.

A list of our regularly scheduled quarterly trainings can be found at:

[Lender Training](#)

#### Did you know?

Small Businesses applying for ARC loans need to apply for a DUNS number so that SBA can obtain their credit score. To find out how your small business customers can obtain a DUNS number, [click here!](#)

continued from page 1

John Fossett of Middlesex Savings Bank was named the New England and Massachusetts Financial Services Champion for 2009. The Financial Services Champion Award is presented annually to an individual who assists small businesses in obtaining financing either directly or through advocacy efforts to increase the availability of financial services. According to District Director Bob Nelson, "Over the past few years John has focused his efforts on re-invigorating the banks SBA lending program. As a result, Middlesex Savings Bank has become one of the top ten SBA lenders in Massachusetts in 3 short years, largely because of his leadership," said Nelson. "John is a dedicated partner. He is always willing to participate in workshops and panels, and as a veteran, he has been a great supporter of the Patriot Express Loan Initiative."

## DEALER FLOOR PLAN FINANCING (DFP)

The SBA is committed to providing small businesses with the tools and resources they need to survive in the current economic climate. Through the Dealer Floor Plan (DFP) financing pilot program, SBA offers government-guaranteed loans to finance inventory for eligible auto, recreational vehicle, boat, manufactured home and other dealerships.

**New Loan Program**

The SBA's DFP Pilot Program provides access to capital through the SBA's 7(a) loan program. DFP loans can be made by all SBA-approved lenders. Under this pilot program, DFP loans are available for a minimum of \$500,000 up to a maximum of \$2 million (the statutory maximum limit for 7(a) loans). Borrowers receive the fee reduction benefit provided under the Recovery Act on 7(a) loans.

The maximum guaranty level on DFP loan is 75 percent, not the maximum 90 percent provided under the Recovery Act for some 7(a) loans. The maximum term for a DFP loan is five years. Loans can only be made for inventory that can be titled. Lenders are expected to control title transfer as a means of risk mitigation. More information can be found at: <http://www.sba.gov/floorplanfinancing/index.html>.



## AMERICA'S RECOVERY CAPITAL LOAN PROGRAM

SBA's America's Recovery Capital Loan Program can provide up to \$35,000 in short-term relief for viable small businesses facing immediate financial hardship to help ride out the current uncertain economic times and return to profitability. Each small business is limited to one ARC loan.

**ARC loans will be offered by some SBA lenders for as long as funding is available or until September 30, 2010, whichever comes first.**

Can my institution participate in the ARC loan program?

1. All participating SBA lenders are eligible to make ARC Loans.
2. Delegated lenders may make ARC loans on a delegated basis.

Why should my institution participate in the ARC loan program?

1. Because of the reduced risk, with a 100% guaranty, you will have greater security and confidence to lend.
2. SBA will pay your institution monthly interest at reasonable rates throughout the terms of the loan.
3. Because of the benefit to your community - SBA loans help build and retain community businesses, create jobs and stimulate economic activity's
4. ARC loans are interest-free to the borrower, have deferred payments for 12 months and have no SBA fees associated with them.
5. ARC loans allow borrowers to redirect cash flow from making loan payments to investing in their businesses.

That sounds great! But I think I need more information. Where can I get more training?

1. We have posted the presentation from the national training conference call on our website. It can be accessed at:  
[http://www.sba.gov/idc/groups/public/documents/ma\\_boston/ma\\_arctraining.pdf](http://www.sba.gov/idc/groups/public/documents/ma_boston/ma_arctraining.pdf)
2. You can also listen to and view the training presentation at:  
<https://cc.readytalk.com/play?id=bmpyie>

For more information see the newly released ARC Loan FAQ's for lenders at:

[http://www.sba.gov/idc/groups/public/documents/sba\\_homepage/rec\\_arcloan\\_faq\\_lenders.pdf](http://www.sba.gov/idc/groups/public/documents/sba_homepage/rec_arcloan_faq_lenders.pdf)

# NATIONAL ASSOCIATION OF DEVELOPMENT COMPANIES (NADCO) REFINANCE WEBINARS

Recovery & Refinance Webinar: Helping Businesses Survive & Thrive

NADCO is offering a webinar to assist CDCs learn more about refinance permitted by the American Reinvestment & Recovery Act (ARRA) for 504 loans.

DATES:

July 28, 2009 - Presenters: Richard Jones, SBA SLPC, Mary Mansfield, Jan Garlitz & Zola Finch

August 11, 2009 - Presenters: Mary Mansfield, Jan Garlitz & Zola Finch with SBA Presenter TBA

TIME: 2:00 to 3:30 pm ET

The cost to participate in this webinar is \$190 for members, however, multiple participants can watch the presentation on one computer. The webinar will last a total of 90 minutes - 60 minutes for the presentation followed by 30 minutes for a comprehensive Q & A.

The webinars will be hosted by Ready Talk and you will receive a confirmation e-mail when you register on the NADCO website that provides instructions on how to complete the registration process on the Ready Talk website. To register for one of these webinars go to: [www.nadco.org](http://www.nadco.org).

Should you have any questions regarding content of the webinars, please contact Linda Reilly, Director of Regulatory Affairs at (703) 748-2575 or by e-mail: [linda@nadco.org](mailto:linda@nadco.org). For questions on registration, please contact Alicia Vossberg, Meetings Assistant at (703)748-2575 or by e-mail: [alicia@nadco.org](mailto:alicia@nadco.org).

## AMERICA EAST CONFERENCE FOR SBA LENDERS

### Sample Sessions:

- Recovery Act: ARC loans, Dealer Floor Plan Financing,
- SBA Lending 101 – soup to nuts on SBA loan policy and programs, (NAGGL) Franchises and environmental concerns
- SBA Exceptions to Policy (goodwill, refinancing, etc.):when, why, how to document
- E-Tran for Dummies: How to expedite processing and servicing actions
- 504 Loan Closings- Attorney Accreditation Course

### Conference Headquarters:

Hyatt Regency Newport  
One Goat Island  
Newport, RI 02840  
[www.Newport.Hyatt.com](http://www.Newport.Hyatt.com)  
401-851-1234  
Room Rate: \$178  
Reserve room under "America East"

### Sponsorship and Exhibitor Packages

available/ Contact Mark Hayward at

[Mark.Hayward@sba.gov](mailto:Mark.Hayward@sba.gov)

Conference Registration \$299  
401-528-4561

[Register Here!](#)

## 2009 RECOVERY ACT



### CHANGES TO SBA'S 504 PROGRAM

Small businesses seeking to expand will be able to refinance existing loans used to purchase real estate and other fixed assets as a result of permanent changes to the U.S. Small Business Administration's 504 Certified Development Company loan program. The changes were authorized in the American Recovery and Reinvestment Act of 2009.

The permanent changes will allow small businesses to restructure eligible debt to help improve their cash flow which, in turn, will enhance their viability and support growth and job creation. The 504 loan program can be used to purchase business real estate or fixed assets, such as heavy equipment or machinery, and expand current development projects.

The changes announced today include:

Debt Refinancing: Legislation allows 504 program projects to include a limited amount of debt refinancing if there is a business expansion and the debt refinanced does not exceed 50 percent of the projected cost of the expansion. "Expansion" includes any project that involves the acquisition, construction or improvement of land, building or equipment for use by the small business. The following are some of the conditions under which borrowers will be eligible for refinancing:

- The debt being refinanced was incurred to acquire land, to construct a building or to purchase equipment. The assets acquired must be eligible for financing under the 504 program.
- The existing debt is collateralized by fixed assets.
- The existing debt was incurred for the benefit of the small business.
- The new financing provides a substantial benefit to the borrower when prepayment penalties, financing fees, and other financing costs are taken into account.
- The borrower has been current on all payments of existing debt for one year prior to the date of refinancing.

For more information on the 504 loan program and eligibility requirements, go to [www.sba.gov/recovery](http://www.sba.gov/recovery). Also, see the fact sheet for lenders on this subject at:

[http://www.sba.gov/idc/groups/public/documents/sba\\_homepage/sba\\_rcvry\\_act\\_lenders504.pdf](http://www.sba.gov/idc/groups/public/documents/sba_homepage/sba_rcvry_act_lenders504.pdf).

**New SBA Lenders:**

Avidia Bank  
 East Boston Savings Bank  
 Institution for Savings  
 NMTW Community Credit Union

**New SBAExpress Lenders:**

East Boston Savings Bank  
 East Cambridge Savings Bank  
 Merrimack Valley Federal Credit Union  
 The Provident Bank

**New Patriot Express Lenders:**

Bank of Fall River  
 East Boston Savings Bank  
 East Cambridge Savings Bank  
 Edgartown National Bank  
 First Trade Union Bank  
 Institution for Savings  
 Marlborough Savings  
 Merrimack Valley Federal Credit Union  
 The Provident Bank

**New PLP Lenders:**

Fidelity Bank  
 The Community Bank

## TOP SBA LENDERS—AS OF JUNE 30, 2009

	LENDER NAME	GROSS AMOUNT	LOANS
1	CITIZENS BANK	\$5,915,800	102
2	SOVEREIGN BANK	\$6,109,500	66
3	EASTERN BANK	\$3,406,000	45
4	ROCKLAND TRUST COMPANY	\$5,468,400	39
5	TD BANK, NATIONAL ASSOCIATION	\$4,665,400	26
6	COMMUNITY BANK, A MASSACHUSETTS CO-OPERATIVE BANK, THE	\$4,877,800	22
7	MIDDLESEX SAVINGS BANK	\$3,867,300	21
8	COMMERCE BANK & TRUST COMPANY	\$1,280,000	19
9	PEOPLE'S UNITED BANK	\$5,648,600	18
10	ENTERPRISE BANK AND TRUST COMPANY	\$2,273,000	17
11	GREENFIELD CO-OPERATIVE BANK	\$737,700	17
12	GREYLOCK FCU	\$2,622,900	15
13	BANKFIVE	\$1,082,100	14
14	CENTURY BANK AND TRUST COMPANY	\$1,425,000	13
15	UNITED BANK	\$1,404,500	13
16	LEE BANK	\$1,144,500	12
17	SALEM FIVE CENTS SAVINGS BANK	\$1,255,100	11
18	BERKSHIRE BANK	\$1,174,800	11
19	FRAMINGHAM CO-OPERATIVE BANK	\$1,675,000	10
20	MECHANICS' CO-OPERATIVE BANK	\$1,447,000	10
	<b>Total (for all lenders):</b>	<b>\$110,200,600</b>	<b>772</b>

### CERTIFIED DEVELOPMENT COMPANIES - 504 LOANS

	LENDER NAME	GROSS AMOUNT	LOANS
	GRANITE STATE ECONOMIC DEVELOPMENT CORPORATION	\$21,808,000	53
	BAY COLONY DEVELOPMENT CORPORATION	\$18,639,000	35
	SOUTH EASTERN ECONOMIC DEVELOPMENT CORPORATION	\$8,012,000	19
	NEW ENGLAND CERTIFIED DEVELOPMENT CORPORATION	\$11,927,000	18
	OCEAN STATE BUSINESS DEVELOPMENT AUTHORITY	\$1,483,000	3
	CAPE & ISLANDS COMMUNITY DEVELOPMENT, INC.	\$824,000	3
	SOUTH SHORE ECONOMIC DEVELOPMENT CORPORATION	\$248,000	2
	<b>TOTAL:</b>	<b>\$62,941,000</b>	<b>133</b>

**Did you know?**

The SBA has released Version 2009.4 of the National 7(a) Authorization Boilerplate and Wizard. Changes have been made to incorporate conditions needed for the Dealer Floor Plan Pilot Initiative. To download the new authorization, [click here](#).

For a complete lender ranking go to:  
[http://www.sba.gov/idc/groups/public/documents/ma\\_boston/ma\\_09loanvolume.pdf](http://www.sba.gov/idc/groups/public/documents/ma_boston/ma_09loanvolume.pdf).