

# Bank Notes

A Newsletter for Michigan Lenders

April 2, 2010

Issue 166

## Additional Funding Available for Fee Relief and Higher Guaranty Loans

On March 26, 2010, the President signed legislation (H.R. 4938) that permits SBA to use up to \$40 million of existing appropriations to fund new 7(a) and 504 loans under Sections 501 and 502 of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Specifically, these funds are available for the payment of certain 7(a) and 504 loan fees and a higher SBA guaranty for eligible 7(a) loans. In addition, this legislation extends SBA's authority to provide a higher guaranty for eligible 7(a) loans to April 30, 2010.

View the full notice at: <http://collab.sba.gov/notices/SBA%20Information%20Notices/5000-1146.docx>.

## Fiscal 2010 Second Quarter Lending Report

Loan program activity through the second quarter of fiscal 2010 is shown below. After the precipitous decline in SBA lending last year due to the tumultuous conditions in the credit markets, we are pleased to report a substantial "bounce-back" in SBA guaranty loans. In Michigan, our total loans have increased 111% over last year's second quarter, and our total dollars have increased by 201%! While we are very pleased with these results, more progress is required to meet the credit needs of Michigan's small businesses.

With the reinstatement of both the temporary elimination of fees to the borrower and the 90% guaranty, we anticipate continued growth in our loan programs. Legislation is pending to extend both of these provisions for the rest of the year, as well as to raise SBA's loan limits. There can be no doubt that small business is a vital component of our economy and providing credit to the small business community will be an essential part of our recovery in Michigan.

	<b>Fiscal 2009</b>	<b>Fiscal 2010</b>	<b>Change</b>
SBAExpress	239	331	38%
PLP	90	181	101%
Other 7(a) Loans	62	295	376%
<b>Total 7(a) Loans</b>	<b>391</b>	<b>807</b>	<b>106%</b>
7(a) Dollars	\$76,571,000	\$236,088,000	208%
504 Loans	43	108	151%
504 Dollars	\$19,819,000	\$54,450,000	175%
Loans to Veterans	14	41	193%
Loans to Women	42	132	214%

## Canceling Recovery Act Loans

With the limited amount of funds available to support Recovery Act Loans, it is critically important that lenders promptly cancel those loans that will not be closed. In addition, any undisbursed amounts on closed loans that will not be disbursed should also be canceled. This will release subsidy funds that can then be used to support increases for either existing Recovery Act loans or new Recovery Act loans.

Because of the funding mechanisms used, increases to existing loans can only happen if funds that support that portion of Recovery Act loans are available. For prior Recovery Act loans, this funding is only available when loans approved under that authority are canceled. Increases for Recovery Act loans approved from March 2 to March 28, 2010 cannot be made; a new loan request must be made for any additional funding.

## Revised Version of SBA Form 1920SX, Part C

A revised version of the eligibility checklist for SBAExpress and the Pilot Loan programs (SBA Form 1920SX, Part C) will be posted on the 7(a) and 504 loan forms' Web site. To view, visit [www.sba.gov/tools/forms](http://www.sba.gov/tools/forms) and click on "Financial Forms." The revisions were necessary to make the checklist consistent with the revised SOP 50 10 [SOP 50 10 5(B)].

In addition, the section on "Conflict of Interest" and "Ethical Requirements of Lenders" was revised to be consistent with the regulatory requirements.

## 2010 SBA Lenders' Conference and Awards

Over 200 people attended our 12th Annual Michigan SBA Lenders' Conference on March 23rd. This conference received high marks, and we appreciate the contributions made by all of the guest speakers who added so much to our program.

The Michigan District Office presented its annual awards to SBA lenders for their outstanding performance in the previous fiscal 2009. Here are this year's winners:

**"Lender of the Year" – Huntington National Bank** Our traditional award for the best overall performance considering total volume, new markets, comparison with historical performance, etc. Huntington National Bank approved 184 SBA loans worth more than \$24 million in fiscal 2009 and did a very good job of marketing our loan programs in a difficult year.

**Huntington National Bank – "SBAExpress Lender of the Year"** Award for the lender which had the most SBAExpress loans. Huntington National Bank approved 154 SBAExpress loans.

**Citizens Bank – "PLP Lender of the Year"** The most loans approved by a preferred lender, which enjoy full delegation of lending authority. Citizens Bank approved 62 PLP loans. This is the second year in a row that Citizens Bank has won this award.

**Chase – "504 Lender of the Year"** In recognition of the best overall support of SBA's 504 loan program. Chase supported 15 504 deals for over \$11.1 million with five Michigan certified development companies last year.

**mBank – "Business Development Lender of the Year"** Award for the lender which did at least 10 SBA deals in fiscal 2008 and had the largest percentage increase of approvals. mBank's loans jumped from 16 in fiscal 2008 to 36 in fiscal 2009, an increase of 125%. This is the second year in a row that mBank has won this award.

**mBank – "Community Lender of the Year"** Best overall performance among Michigan-based, non-PLP lenders. Criteria include total volume, new market activity, and comparison with historical performance. mBank approved 36 SBA loans for more than \$13 million.

**Chase – "New Markets Lender of the Year"** Best overall performance in lending to new markets (minorities, women, and veterans), including the percentage of Chase's SBA loans that went to new markets and its support for the full diversity of the population, as well as its continuing sponsorship of the Black Business Conference. This is the second year in a row that Chase has won this award.

## Bank Notes Distribution

If you know someone who would like to receive future issues of Bank Notes, they will need to subscribe through SBA's Free Newsletter and Publication Subscription Center.

The process is easy. Simply go to Web page <http://web.sba.gov/list/>; scroll down and check the box entitled "Michigan Bank Notes Newsletter." Then scroll down and enter your name and e-mail address at the bottom of the page and hit the "Subscribe" button.

## May 6 ReadyTalk Session

The next monthly ReadyTalk session for lenders is scheduled for Thursday, May 6 at 10:00 a.m. and will cover:

- Recovery Act update
- Lender portal presentation
- Updates on loan activity
- General Q & A

ReadyTalk is a Webinar program utilizing the Internet and a conference call system. To access the system:

From your computer:

1. Logon to [www.readytalk.com](http://www.readytalk.com)
2. Login as a participant using the access code 3051501
3. Enter your name, email address, and company name as requested

From your telephone:

1. Dial 866.740.1260
2. Enter the Access Code 3051501 and press #
3. Say hello!

If this is your first ReadyTalk session, we recommend that you test your browser compatibility and network connection prior to the conference by logging onto the ReadyTalk Web site and click on the "Test your Computer" button under the login.

## Michigan Celebrates Small Business

SBA's 2010 Michigan Small Business Person of the Year and champion awards will be presented on April 29 during the sixth annual Michigan Celebrates Small Business awards dinner in Lansing. Governor Jennifer Granholm will be the keynote speaker at the premier event in Michigan to recognize the impact of small business and its critical importance to the state's economy. Efforts to grow and diversify Michigan's economy must include a strong and vibrant small business sector. For more information go to [www.michigancelebrates.biz](http://www.michigancelebrates.biz).