

July 2009

Page 1: Dealer Floor Plan

Page 2: ARRA

Workshops

Microloans

Page 3: 504 allows debt refinancing

Page 4: Lender rankings

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All SBA programs and services are provided on a nondiscriminatory basis.

ARC Loans Update

ARC loans made through 13 July 2009, nationwide:

- Number of Loans Funded: 444
- Total Dollars: \$14.568 million
- # of Lenders: over 120

The 1502 reporting form was updated as of 1 July 2009 to include the new ARC program. If you have questions regarding 1502 reporting for ARC Loans, contact Colson Customer Service at 877. 245.6159 (Option 2) or via e-mail at

Info@colsonservices.com. If your question is about ePayments of accrued interest, email DFC_ActionDesk@sba.gov or call the ActionDesk at 800.260.4806 (Option 4).

Dealer Floor Plan Financing Effective 1 July

The SBA's Dealer Floor Plan (DFP) Financing 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. Borrowers currently receive the fee reduction benefit provided under ARRA.

The guaranty levels on DFP loans range from 60 to 75% depending on advance rate and collateral type. The maximum term is 5 years. Loans can only be made for inventory that can be titled.

SBA's DFP is available to qualifying businesses in the retail sector, including new and used automobile, motorcycle, RV, manufactured home and boat (including boat trailer) dealerships.

Inventory that is *titleable* - that requires licensing and/or registration by a state authority after acquisition - can be financed. This includes snowmobiles and farm equipment; if it is *titleable*, it is eligible. Lenders are expected to control title transfer as a means of risk mitigation

New auto and light truck inventory can be financed up to 90% of the wholesale price and all other inventory can be financed up to 80%. A lender may offer a higher advance rate, but its SBA

Workshops for Businesses

At **MLK Library, 901 G St NW**
Call **202-727-2241** to register

July 28 2:30—3:30 p.m.
Start a Home-Based Business

August 4 1—3:30 p.m.
Licensing & Taxes

August 6 1:30 – 3:30 p.m.
CBE/LSDBE Pre-certification

August 6 or Sept. 3 10 a.m.—noon
The Business Planning Process

At **SCORE, 740 15th St NW, 3rd Floor**
Call **202-272-0390**
or register online at **www.scoredc.org**

Aug 11 or Nov 10 9 a.m.—4 p.m.
Recordkeeping & Accounting

Aug 13 or Sept 10 9 a.m.—4 p.m.
How to Start a Business

Aug 28 or Nov 20 9:30 a.m.—12:30 p.m.
GSA Schedules 101

Temporary ARRA Provisions

- * Eliminated most loan fees for borrowers and lenders on 504 loans
 - * Eliminated loan fees for borrowers on 7(a) loans with maturities of greater than 1 year
 - * Raised guaranty to 90% for most 7(a) loans
 - * Raised maximum surety bond guaranty to \$5 million
 - * Increased size standards for some NAICS codes
 - * ARC loan available as of 15 June 2009
 - * Dealer Floor Plan Financing as of 1 July 2009
- Note: Some of these expire 31 Dec 2009

What is a Microloan?

A microloan is a loan of up to \$35,000 made by a non-profit community organization to a qualified start-up, new, or existing small business. Microlenders are funded by the SBA and may also provide technical assistance and/or other services. Borrowers may call:

EDG	703.685.0510
LEDC	866.977.5332
WACIF	202.529.5505
Wheeler Creek	202.574.1508

District Director Bridget Bean Visits With Small Business Owners

United Central Bank hosted a forum where small businesses discussed their use of SBA's lending and 8a programs to start and expand their operations. Held at the UCB branch in Springfield, VA, the event attracted approximately 75 people.

District Director Bean ended the afternoon by saying "We appreciate UCB and their clients using SBA products and are gratified to hear of so many success stories."



Ajaz Siddiqi and Nasrullah Khan of UCB, Barbara Wrigley of the Women's Business Center of Northern Virginia, Bridget Bean of SBA, and Pat Herry of Fairfax County Board of Supervisors

cont'd from p. 1 **Dealer Floor Plan Financing**

guarantee will be based upon the SBA maximum.

The maximum interest rate is the same as that for standard 7(a) loans with a maturity of less than 7 years. Lenders can charge one of the SBA base rates (Prime, Peg, or 30-day LIBOR + 3), plus up to 2 ¼ additional points.

Lenders may charge the same fees as are allowed in the standard 7(a) program with the exception of the extraordinary servicing fee. Under the DFP Pilot Program, SBA allows lenders to charge more than 2% for servicing these lines of credit, as long as the fee is reasonable and prudent in light of the extraordinary effort required.

If the lender currently provides floor plan financing, the lender may not charge higher fees for its SBA-guaranteed floor plan lines of credit than it charges for its similarly-sized, non-SBA guaranteed floor plan lines of credit.

Lenders must have policies in place specific to DFP and submit those with the first guaranty request. For complete details, see the federal register notice and other information at www.sba.gov/floorplanfinancing/

504 Loan Now Allows Some Debt Refinancing

ARRA changed the Small Business Investment Act to permit debt refinancing under certain circumstances as part of the 504 Loan Program. See Federal Register: June 23, 2009 (Volume 74, Number 119) or policy notice 5000-1108 for updated information. The change does *not* expire like the other provisions of ARRA.

The debt refinancing is available for loan applications received by SBA on or after 23 June 2009. Applications received or loans approved prior to that date may be modified to include debt refinancing provided the related debenture has not been funded.

Highlights of the update:

- All loans being refinanced into the new project must have been used to acquire fixed assets eligible for the 504 program.
- A copy of the corresponding debt and lien instruments must be submitted.
- The eligible fixed assets collateralizing any debt to be refinanced must also collateralize the 504 loan unless a waiver is granted.
- The small business for which the debt is being refinanced must be the same small business for which any new project costs are incurred. OC with corresponding EPC's are acceptable.
- Debt being refinanced does not need to be for assets at the same location as long as the operation at the other location has the same NAICS code.
- The new payment must be at least 10% lower than the existing payment.
- The re-finance must provide better terms or interest rates.
- Essential costs may be included.
- The borrower must be current on the debt to be refinanced for at least 1 year prior.
- Associate or SBIC debt re-finance is not allowed.
- PCLP authority must not be used to refinance same institution debt.



THE LENDER'S ADVANTAGE

Congratulations to the Top 5 Lenders in each Category

Statistics as of 1 October 2008 through 30 June 2009

All Lender types, ranked by total dollars

1. Business Finance Group	\$23,525,000
2. BB&T	10,893,900
3. Access National Bank	6,119,000
4. SonaBank	3,943,000
5. SunTrust Bank	3,321,100

Community Banks: operate in smaller geographic territories

	# of Loans	\$ Amount of Loans
1. Access National Bank	14	6,119,000
2. SonaBank	12	3,943,000
3. Cardinal Bank	3	625,000
4. Howard Bank	2	400,000
5. The Business Bank	2	325,000

Regional Banks: operate throughout the entire geographic region

1. Sandy Spring Bank	10	1,700,000
2. Sovereign Bank	2	150,000
3. Chevy Chase Bank	1	275,000
4. Home Loan Investment Bank	1	232,000
5. Fulton Bank	1	100,000

National Banks: operate in multi-geographic regions

1. BB&T	55	10,893,900
2. Superior Financial Group	29	305,000
3. M&T Bank	23	1,610,000
4. SunTrust Bank	18	3,321,100
5. Innovative Bank	14	350,000

Certified Development Companies: process fixed-asset 504 loan 2nd trust loans

1. Business Finance Group	33	23,525,000
2. Chesapeake Bus. Fin. Grp.	2	3,250,000
3. Mid-Atlantic Bus. Fin. Co.	2	2,158,000

504 First Trust Lenders

1. SunTrust Bank	4	4,288,500
2. Bank of America	4	1,709,750
3. MainStreet Bank	3	4,096,500
4. United Bank	3	3,562,900
5. Access National Bank	3	1,944,500

Microlenders: non-profit community development groups providing loans up to \$35,000

1. Enterprise Dev. Group	19	246,563
2. Latino Econ. Dev. Corp.	8	95,000

Want to boost your lending numbers?

*Call your Lender Relations Specialists today for personalized training in SBA products!
Specialized sales training for your branch managers also available.*