



July 8, 2010

Issue 167

Fiscal 2010 Third Quarter Lending Report

Loan program activity through the third 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 71% over last year’s third quarter results, and our total dollars have increased by 124%! While we are very pleased with these results, more progress is required to meet the credit needs of Michigan’s small businesses.

The Recovery Act’s provisions for both the temporary elimination of fees to the borrower and the 90% guaranty have been key factors in this 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.

	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Change</u>
SBAExpress	418	561	34%
PLP	158	254	61%
Other 7(a) Loans	131	303	131%
Total 7(a) Loans	707	1,118	58%
7(a) Dollars	\$134,653,000	\$323,164,000	140%
504 Loans	86	155	80%
504 Dollars	\$42,661,000	\$73,552,000	72%
Loans to Veterans	32	75	134%
Loans to Women	90	189	110%

Updated IRS Contact Information and 4506-T

SBA Notice 5000-1158 provides updated contact points and telephone numbers for IRS Service Centers, which are to be used to request copies of IRS tax transcripts to verify the business financial information included in SBA loan applications. Lenders are also reminded that all SBA 7(a) and 504 related requests for IRS tax transcripts must be submitted to IRS Service Centers using the new IRS Form 4506-T. A copy of Form 4506-T is available on the SBA Banking site at www.sba.gov/banking/. This notice is located on the Michigan District Lender’s Resource Page: www.sba.gov/localresources/district/mi/mi_lenderspage.html.

August 5th ReadyTalk Session

The next monthly ReadyTalk session for lenders is scheduled for Thursday, August 5 at 10:00 a.m. It will cover:

- Updates on loan programs as needed
- General Q & A with participating lenders
- One-hour training presentation on SBA 7(a) Loan Servicing

The 7(a) Loan Servicing presentation will cover basic 1502 reporting, the Unilateral Action Matrix, and preparing servicing requests when SBA approval is required. It is recommended for all staff that service SBA loans.

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
 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.

Please join us on August 5.

Lenders Supporting the 504 Loan Program

Through the third quarter of fiscal 2010, under the 504 Loan Program we approved 155 loans worth almost \$74 million. These loans were supported by 61 different third party lenders. The following lenders supported six or more 504 loans:

<i>Lender</i>	<i># of Loans</i>
Chase	16
Citizens Bank	13
Huntington National Bank	9
Bank of America	7
Comerica	6
Fifth Third Bank	6

SBA's 504 Loan Program provides long-term, fixed rate, subordinated financing for acquisition and/or renovation of capital assets, including land, buildings, and equipment. With 504 financing, the typical financial structure consists of 10% from the borrower, 50% from the commercial lender, and 40% from the Certified Development Company. The CDC portion is provided by 100% SBA guaranteed debentures, and the **current interest rate for the 20 year bond is 5.21%**.

For more information, please contact one of the CDCs listed in the column to the right. These organizations specialize in packaging 504 loans and will manage the entire process to ensure it goes smoothly.

Updated Eligibility Questionnaire and Centralized 7(a) Loan Submission Instructions

The latest version of the Eligibility Questionnaire and Centralized Processing Instructions are dated March 27, 2010. Please be sure to use the updated versions of these forms. They are available at:

www.sba.gov/aboutsba/sbaprograms/elending/lgpc/forms/index.html

Offer in Compromise Tabs Created

For loans in liquidation status, a tab system has been created for the offer in compromise process. Please use these tabs when requesting approval of an offer in compromise. For loans at the National Guaranty Purchase Center (Herndon) the tabs are located at:

www.sba.gov/idc/groups/public/documents/sba_program_office/oic_tabs_ngpc.pdf

For loans at the Fresno Service Center, the tabs can be found at this link:

www.sba.gov/idc/groups/public/documents/sba_program_office/oic_tabs_fslr.pdf

Michigan Certified Development Companies

Economic Development Foundation-Certified

Grand Rapids, (888) 330-1776

Lakeshore 504

Grand Haven, (616) 846-3153
 Holland, (616) 392-9633

Metropolitan Growth and Development Corporation

Southgate, (734) 362-3477

Michigan Certified Development Corporation

Ann Arbor, (734) 660-8187
 Cadillac, (231) 878-1302
 Grand Rapids, (616) 560-5486
 Lansing, (517) 886-6612
 Mt. Clemens, (810) 329-4340

Oakland County Business Finance Corporation

Waterford, (248) 858-0765

SEM REsource Capital

Grand Rapids, (616) 242-5153
 Livonia, (734) 464-4418

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.

U.S. Small Business Administration
 477 Michigan Avenue, Detroit, MI 48226
 P (313) 226-6075; Fax (313) 226-4769
 E-mail michigan@sba.gov
 Michigan Lender's Web site
www.sba.gov/localresources/district/mi/mi_lenderspage.html

Verification of Alien Status for Loan Applicants

SBA Notice 5000-1155 provides a fast, new electronic process to verify the alien status of loan applicants. Under the new process, all 7(a) lenders and Certified Development Companies will submit verification requests to SBA. SBA will access the USCIS system and then notify the 7(a) lender or CDC of the response. The new process replaces the previous process in which verification requests were submitted by the lender directly to USCIS, which often took weeks to receive a response.

All 7(a) lenders and CDCs are eligible to register designated personnel to use the new process. All registration requests should be sent to the Sacramento Loan Processing Center at Sacramento504Register@sba.gov. The SLPC will respond to such requests by providing instructions on how to complete registration and how to use the electronic verification process.

As with all notices, the complete notice is on the Michigan District Office Lender's Resource Page: www.sba.gov/localresources/district/mi/mi_lenderspage.html.

Help us Demonstrate Your Success!

The Michigan District Office uses success stories to publicize SBA loans by highlighting small businesses to tell the story. Currently, we are seeking businesses that have received loans under the provisions of the American Recovery and Reinvestment Act. We are also looking for long term success stories that involve firms that have been in business for three or more years and have grown with the help of an SBA guaranteed loan.

Success stories are an excellent way to promote the small business that is profiled and to show how the lender was able to respond to their customer's needs and help it succeed. For more information, please contact Annette Hall at Annette.hall@sba.gov.