

# GATEWAY E-GAZETTE

August 2009

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## DISTRICT DIRECTOR'S CORNER



Dennis Melton, District Director

In our last newsletter we spoke about the efforts that the Administration and Congress had undertaken to bolster a faltering economy. We specifically recognized problems for both borrowers and lenders in the frozen credit market and highlighted some of the provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) that specifically addressed, improved, or modified SBA loan programs and were just coming on line. We now have a little over five months of experience with these changes and I'm pleased to report they are having a positive effect on SBA lending. Here are some of the specifics as of July 2009:

**SBA loan volume has increased more than 40%.** Specifically we've supported nearly \$6.2 billion in small business lending with the approval of \$4.5 billion in loans since Feb. 17, 2009 (when ARRA was signed into law). That's an average weekly loan dollar amount that has risen more than 40% compared to the weekly average prior to ARRA passage.

**More lenders are making SBA loans:** Since Feb. 17<sup>th</sup> more than 670 lenders that have not made an SBA loan since Oct. 2008 made a 7(a) loan. Of those, more than 330 had not made an SBA loan since at least 2007.

**Secondary market up tick with 7(a) loans:** After months of reduced activity and lower premiums, SBA 7(a) secondary market sales began picking up and

premiums started returning to normal. This is important to borrowers because the return of the secondary market to historical levels provides lenders with additional liquidity that increases small business lending.

**Broad support to small businesses:** A significant portion of loans supported by Recovery Act funding has gone to rural (25%), minority-owned (20%), women-owned (19%), and veteran-owned (9%) businesses.

The primary ARRA changes driving these increases include:

**Eliminating and/or reducing loan fees** on 7(a) and 504 loans;

**Raising our loan guaranty to 90% on 7 (a) loans** (from 75-85%);

**Doubling the surety bond guaranty** from \$2 million to \$5 million;

**Implementing the new America Recovery Capital (ARC) loan program**, which features SBA paid interest, deferred repayment, and a cap of \$35,000 to help viable small businesses make payments on existing debt (as of July 29, 2009, 353 lenders in 47 states have made 919 loans totaling \$29.9 million to 259 different industries);

**Providing refinancing opportunities for certain/eligible SBA backed 504 loans** that include expansion;

**Expanding access to investment capital** by increasing funding levels for SBA licensed Small Business Investment Companies;

**Expanding 7(a) loan eligibility** to more than 70,000 small businesses through a temporary alternate size standard; and

**Offering inventory financing** for eligible auto, RV, boat, and other dealerships under the new Dealer Floor Plan Financing pilot program.

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



Your Small Business Resource

## NEW ONLINE TOOL FOR SMALL BUSINESSES

RENI Publishing, in cooperation with the U.S. Small Business Administration, has launched a new, comprehensive online tool for small business owners at <http://www.smallbusiness3.com>.

Unlike other small business Web sites, the focus of the new site is local mapping. The site has over 17,000 resource listings that cover every state and major city in the United States, including Puerto Rico and Guam. Up-to-date mapping data provides directions to every financing source available to the small business owner, including small business loans and small business grants.

The site features the latest in social networking technology, allowing for user-managed profiles and events nationwide. Users also have free access to Small Business Resource magazine, published locally every year for the U.S. Small Business Administration.

In addition, special sections provide relevant information for minority-owned, women-owned and veteran-owned small businesses. The site also features motivational success stories and contact information for award-winning small businesses.

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### IRS'S TOP SEVEN TIPS FOR TAXPAYERS WHO HAVE STARTED OR ARE THINKING OF STARTING A NEW BUSINESS

Anyone starting or thinking of starting a new business should be aware of their federal tax responsibilities. Here are the top seven things the IRS wants you to know if you plan on opening a new business this year.

1. First, you must decide what type of business entity you are going to establish. The type your business takes will determine which tax form you have to file. The most common types of business are the sole proprietorship, partnership, corporation and S corporation.
2. The type of business you operate determines what taxes you must pay and how you pay them. The four general types of business taxes are income tax, self-employment tax, employment tax and excise tax.
3. An Employer Identification Number is used to identify a business entity. Generally, businesses need an EIN. Visit [IRS.gov](http://IRS.gov) for more information about whether you will need an EIN. You can also apply for an EIN online at [IRS.gov](http://IRS.gov).
4. Good records will help you ensure successful operation of your new business. You may choose any recordkeeping system suited to your business that clearly shows your income and expenses. Except in a few cases, the law does not require any special kind of records. However, the business you are in affects the type of records you need to keep for federal tax purposes.
5. Every business taxpayer must figure taxable income on an annual accounting period called a tax year. The calendar year and the fiscal year are the most common tax years used.
6. Each taxpayer must also use a consistent accounting method, which is a set of rules for determining when to report income and expenses. The most commonly used accounting methods are the cash method and an accrual method. Under the cash method, you generally report income in the tax year you receive it and deduct expenses in the tax year you pay them. Under an accrual method, you generally report income in the tax year you earn it and deduct expenses in the tax year you incur them.

Visit the Business section of [IRS.gov](http://IRS.gov) for resources to assist entrepreneurs with starting and operating a new business.

To get the latest IRS news and products and services, subscribe to e-News for Small Businesses on [IRS.gov](http://IRS.gov) at <http://www.irs.gov/businesses/small/article/0,,id=154825,00.html>, click "Subscribe Now" at the bottom of the page and enter your e-mail address.

The [IRS Small Business and Self-employed Tax Center](http://www.irs.gov/businesses/small/index.html) at <http://www.irs.gov/businesses/small/index.html> has more information about starting and operating a new business.

## DISTRICT DIRECTOR'S CORNER (CONT. FROM PAGE 1)

On July 28, 2009 CNBC reported that "Small businesses that need loans are finding lenders opening their doors again because of government help and a sense the economy is slowly recovering." It's been awhile since we've read such headlines and we can all hope things only improve from here. Please know that the staff of the SBA is doing all it can to help small businesses survive, recover, and thrive again. If you'd like to track our progress please visit [www.sba.gov](http://www.sba.gov) and click on the "Economic Recovery" box; and for a broader view of the entire government's efforts and expenditures please visit [www.recovery.gov](http://www.recovery.gov). These websites are there to offer transparency to the people that we serve because it is imperative to our nation's economy that we succeed.



Dennis Melton

## SPOTLIGHT ON THE FIELD



### New SBA Area Manager for Southeast Missouri

The St. Louis District Office is proud to introduce Mr. William R. "Bill" Vickery as our new Area Manager for our Alternate Work Site in Cape Girardeau, Missouri. Mr. Vickery comes to us from the Southeast Innovation Center where he was "dual-hatted" as the Director of the Small Business Development Center and Director of Entrepreneurship and Training; this Center is affiliated with Southeast Missouri State University, University of Missouri - Extension Program's "Small Business & Technology Development Center" network, and the SBA. Prior to that he had twenty-five years experience in the banking industry where he served as VP, Commercial Lending at Commerce Bank, and VP, Commercial Loans, at First National Bank (now Montgomery Bank). Other affiliations include serving as a board member of the Southeast Missouri Economic Development Alliance, Chairman of the Small Business Council for the Cape Girardeau Chamber of Commerce, and committee/board member on various other organizations committed to economic development. We believe that Mr. Vickery's long term combination of commercial lending and small business support/training, coupled with his excellent participation and reputation in the community have well prepared him to provide excellent service in terms of lender liaison, marketing and outreach, and economic development to our clients and partners in Southeast Missouri. Bill will assume his new position on August 18, 2009 and will continue to work out of the Southeast Innovation Center, 920 Broadway, Cape Girardeau, Missouri 63701. He can be reached at (573) 651-2929. Please stop by and meet/visit with Bill in his new role.



### Joseph W. "Jay" Edwards Retiring



Joseph W. "Jay" Edwards, Senior Area Manager for Central Missouri will be retiring on September 11, 2009. Jay has served as the SBA contact in Columbia, Missouri, since being co-located with the Small Business Development and Technology Center (SBTDC) at the University of Missouri-Columbia in December 2005. During that time he built strong relationships with not only the SBTDC staff, but the lending and small business communities in Central Missouri as well. His presence has led to a much broader understanding of the programs and services available through SBA and its resource partners such as the SBTDC and SCORE, Counselors to America's Small Business. His dedication, easy-going manner, and can-do attitude will be sorely missed.

While Jay is sad to be leaving, he is also excited and ready to begin his new life. He has bought a house on a golf course, between two lakes and a river, where the biggest decision he'll have to make is whether to play golf or fish. He is also planning a trip in the fall to see the sights in Brazil, Peru, Argentina and Chile.

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We welcome your questions or comments. Please contact me at the e-mail address listed above.

**Subscription Information**

If you would like to subscribe to receive this quarterly e-newsletter and other periodic information, please go to <http://web.sba.gov/list/> and click on the box in front of *Gateway e-Gazette Eastern Missouri*, submit your name and e-mail address, and click Submit.

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



Your Small Business Resource

## LENDER RANKINGS FOR FISCAL YEAR 2009\*

Lender	#	Amount
Commerce Bank	21	\$5,196,400
U.S. Bank, N.A.	68	3,537,582
The Bank of Missouri	14	2,484,900
New Frontier Bank	2	1,840,000
Wells Fargo	4	1,645,700
Bank of Belton	1	1,500,000
Farmers & Merchants Bank of St. Clair	1	1,419,182
Eagle Bank & Trust Company of Missouri	5	1,404,041
Hawthorn Bank	7	1,379,700
Regions Bank	7	1,194,400
The Central Trust Bank	3	1,175,000
First Community National Bank	3	1,072,000
Southern Missouri Bank & Trust	4	1,050,000
Branch Banking and Trust, Columbia	1	1,045,000
Reliance Bank	1	1,030,250
Enterprise Bank & Trust	1	1,000,000
National City Bank	6	931,000
Banco Popular	4	811,000
Bank of Crocker	2	810,000
Federated Bancshares, Inc.	1	800,000
The Missouri Bank	1	775,000
Community First Bank	1	738,900
Southwest Bank, An M&I Bank	4	722,700
Cass Bank	1	500,000
PNC Bank, N.A.	1	470,000
Pulaski Bank	3	469,400
Superior Financial Group	36	362,500
Peoples National Bank, N.A.	1	350,000
Alliance Credit Union	3	350,000
Community South Bank	1	329,000
Bank of Sullivan	5	302,300

Lender	#	Amount
Lindell Bank & Trust Company	1	300,000
Liberty Bank	1	290,000
First Bank	2	285,000
UMB Bank, N.A.	6	281,600
Bank of Franklin County	4	280,800
Small Business Loan Source	1	271,000
The Boone County National Bank of Columbia	1	250,000
Borrego Springs Bank, N.A.	6	250,000
First Community Credit Union	2	226,600
Spirit of Texas Bank, SSB	1	185,000
HNB National Bank	5	175,000
First State Bank & Trust Company	1	165,000
Phelps County Bank	3	150,000
First Community Bank, Missouri	1	150,000
First State Community Bank	4	140,200
United Community Bank	2	100,600
Great Southern Bank	1	100,000
Kennett National Bank	1	100,000
Bank of Belleville	1	80,000
F&M Bank and Trust Company	1	75,000
First State Bank of Kansas City, KS	1	55,000
County Bank	1	50,000
Community First Bank of the Heartland	1	50,000
Montgomery Bank	2	40,000
Landmark Bank	1	40,000
Innovative Bank	1	25,000
The Callaway Bank	1	10,000

Certified Development Companies	# of Loans	Amount
RMI	8	\$9,109,000
Economic Development Corp. of St. Charles County	17	7,976,000
Business Finance Corp. of St. Louis County	5	2,038,000
Economic Development Corp. of Jefferson County	2	1,204,000
Enterprise Development Corporation	3	1,190,000
Meramec Regional Development Corporation	4	1,004,000

\* Rankings based on loans approved October 1, 2008 thru December 31, 2008. Please note that lender rankings for fiscal year 2009 have changed from number of loans to total dollars. This change was made because of the current credit crisis and the desire of the Small Business Administration to encourage the injection of capital into the small business community. Therefore, for fiscal year 2009 our top lender rankings will be based on total SBA dollar volume rather than number of loans made.