

Loan Report as of June 30, 2010

Inside This Issue:

Loan Report	1
SBA Deputy Administrator Confirmed	2
New First Mortgage Loan Poolers Will Jump-Start Secondary Market for SBA 504 Loans, Make Credit More Available	2
News for Our Lending Partners	3
Patriot Express Initiative Delivers Nearly \$500 Million to 6000 Vets and Military Community	4
SBA Announces Funding Available to Support Regional Clusters, Job Creation	5

In News for Our Lending Partners:

- Verification of Alien Status for SBA 7(a) and 504 Loan Applicants
- 7(a) Guaranty Purchases
- Announcing new "Offer in Compromise" Tab System
- 4th Quarter "Peg" Rate and Maximum Third Party Rate
- Updated Internal Revenue Service (IRS) Contact Information and 4506-T



7(a) and 504 Loans Combined

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	265	\$49,290
KeyBank	70	\$13,541
JPMorgan Chase Bank	64	\$9,320
Charter One Bank/RBS Citizens	45	\$2,549
FirstMerit Bank	43	\$7,554

504 Loans

Bank	Number 504 Approvals
FirstMerit Bank	12
Huntington National Bank	10
KeyBank	9
PNC Bank	8
First National Bank	5
JPMorgan Chase Bank	5
Farmer's National Bank	3
Fifth Third Bank	3
Lake National Bank	3

CDC	Number 504 Approvals	Dollars (In Thousands)
Growth Capital Corp.	27	\$11,785
Cascade Capital Corp.	16	\$4,691
Lake County SBAC	9	\$2,138
Northwest Ohio Dev. Ass't.	8	\$2,041
Stark Development Board	7	\$977
Mahoning Valley Economic Dev. Corp.	6	\$5,107
Mentor Economic Ass't Corp.	4	\$958
Community Capital Dev. Corp.	2	\$1,523
West Central Partnership	2	\$1,530
Ohio Statewide	1	\$294
SEM Resource, Inc.	1	\$1,473

Marie Johns Confirmed As SBA Deputy Administrator

Marie C. Johns, a longtime advocate for small businesses, has been confirmed by unanimous consent by the U.S. Senate as Deputy Administrator of the U.S. Small Business Administration. Johns, who was nominated for the post by President Barack Obama, will be the second-ranking official at SBA, with major responsibility for management, policy development and program supervision.

"I'm thrilled to welcome Marie Johns as Deputy Administrator of the SBA," said SBA Administrator Karen Mills. "Over the past two decades, Marie has dedicated herself to creating great opportunities for small businesses and the local community in Washington, D.C. Marie's strong leadership will help provide small businesses with the guidance, support and tools they need to grow, create jobs and continue to drive economic recovery throughout the country."

"I am grateful to President Obama for his nomination and it is an honor to assume the role of SBA Deputy Administrator," Johns said. "I am excited to join Administrator Mills and the entire SBA team to serve the interests of small businesses across this country. The SBA mission is fundamental to the economic strength of our nation; that is, give small businesses the support they need to grow and create jobs."

Johns is a managing member of L&L Consulting, LLC, an organizational effectiveness and public policy consulting practice. Previously, she served as President of Verizon Washington. Under her leadership, Verizon Washington made significant strides in maintaining the company's financial health during tumultuous times in the telecommunications industry. Johns retired from Verizon in 2004, after 21 years of service in the telecommunications industry.

Johns is the former chair of the D.C. Chamber of Commerce, founder of the Washington, D.C. Technology Council, former chair of Leadership Greater Washington and founding chair of the Howard University Middle School of Mathematics and Science. While at Verizon Washington, Johns created the Students Educated for Economic Development Success program (SEEDS). SEEDS prepared over 200 high school dropouts for entry-level positions in the telecommunications industry, many of whom were hired by small local firms.

Johns currently chairs the board of the Howard University Middle School of Mathematics and Science and the Council for Court Excellence, and is a member of the board of Girl Scouts USA, the Advisory Board of the DC Department of Youth Rehabilitative Services, and the Women's Advisory Board of the Girl Scouts of the National Capital area. She earned her BS and MPA degrees from Indiana University's School of Public and Environmental Affairs, and was awarded an honorary doctorate of humane letters from Trinity University in Washington, D.C. Johns has been married for 38 years to Wendell Johns. ♦

New First Mortgage Loan Poolers Will Jump-Start Secondary Market for SBA 504 Loans, Make Credit More Available

The U.S. Small Business Administration has announced the first nine loan pool originators authorized by the agency to assemble and sell pools of 504 program first mortgage loans, a major step to jump-starting a secondary market that should make fixed asset financing more widely available for small businesses. The new program was approved under the American Recovery and Reinvestment Act. Prior to the recent disruption in the credit market, a private secondary market for these loans existed, but has not revived as the economy has started to rebound. SBA expects this new program to breathe new life into that secondary market and improve access to credit for small businesses by providing a resource that can help boost liquidity to small business lenders.

"With the resources provided in the Recovery Act, we have engineered a turnaround in its SBA lending, putting nearly \$30 billion in the hands of small businesses across the country," said SBA Administrator Karen Mills. "This added support now to re-launch the 504 first mortgage secondary market builds on that success and will help leverage even more capital for small businesses to support their growth and create new jobs."

Under the program, the SBA will provide a government guarantee on pools of portions of eligible 504 first mortgage loans assembled by approved pool originators to be sold to third-party investors. Lenders will retain at least 15 percent of each individual loan, pool originators will assume 5 percent of the risk, and the SBA will guarantee the remaining 80 percent.

Typically, a 504 project includes three elements: a loan (or first mortgage) secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a second mortgage secured with a junior lien from a Certified Development Company (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business borrower. Under the new program, portions of the senior liens are pooled by pool originators and sold to investors in the secondary market. To be eligible to be included in a pool, the first mortgage must be associated with a 504 loan disbursed on or after February 17, 2009. The program will be in place until February 16, 2011, or until \$3 billion in new pools are created, whichever occurs first. The pool originators approved so far are:

- Bank of America, N. A. of New York, New York
- Cantor Fitzgerald & Co. of New York, New York
- Citizens Bank of Elizabethton, Tennessee
- Coastal Securities, Inc. of Houston, Texas
- Community South Bank of Knoxville, Tennessee
- Fidelity Bank of Covington, Georgia
- Meadows Bank of Las Vegas, Nevada
- Morgan Stanley Bank, N.A. of Salt Lake City, Utah
- Voyager Bank of Eden Prairie, Minnesota

For additional information on the pool originators, visit <http://www.sba.gov/aboutsba/sbaprograms/elending/secondarymarket/index.html>. The list will be updated regularly as new originators are approved. For more information about all of the SBA's programs for small businesses visit the SBA's Web site at: <http://www.sba.gov>. ♦

NEWS FOR OUR LENDING PARTNERS

Verification of Alien Status for SBA 7(a) and 504 Loan Applicants

As a result of a Memorandum of Agreement with the Department of Homeland Security/U.S. Citizenship and Immigration Services (USCIS), SBA has created a fast new electronic process to verify the alien status of 7(a) and 504 loan applicants. Under the new process, 7(a) lenders and Certified Development Companies (CDCs) will submit verification requests to SBA, and 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 where verification requests were submitted directly to USCIS, which often took weeks to complete. As of the date of this Notice, 7(a) lenders and CDCs are now eligible to register designated personnel to use the new process. All registration requests should be sent to the Sacramento Loan Processing Center (SLPC) at Sacramento504Register@sba.gov. SLPC will respond to such requests by providing instructions on how to complete registration and to use the electronic verification process.

This Notice does not change SBA's policy regarding businesses owned by non-U.S. Citizens for 7(a) or 504 loans, including the 7(a) lenders' and CDCs' responsibilities to establish the identity of the non-U.S. Citizen and review of the non-U.S. Citizens' documentation. Also, as required by USCIS, all verification requests must include an authorization with the original signature of the non-U.S. Citizen for SBA to release information to 7(a) Lenders and CDCs on the status of a verification. The original Document Verification Request (Form G-845) and authorization for release must be maintained by the 7(a) lender and CDC in the borrower's file for review by SBA and USCIS, if requested. The information provided to SBA by the USCIS system is intended solely for the purpose of determining eligibility for SBA financial assistance. This information is governed by the Privacy Act, 5 U.S.C. 552a(i)(1), and any person who obtains this information under false pretenses or uses it for any purpose other than for determining eligibility may be subject to criminal penalties.

Amendments reflecting this new electronic process to verify alien status will be incorporated into the Standard Operating Procedures (SOP) 50 10, Lender and Development Company Loan Programs, in the next revision. Ms. Karin Mahnke of the Sacramento Loan Processing Center is available to answer any questions about the new electronic verification process. Her telephone number is (916) 735-1196 and her email address is karin.mahnke@sba.gov.

7(a) Guaranty Purchases

U.S. Small Business Administration (SBA) regulations located in 13 Code of Federal Regulations § 120.220 (f) provide that 7(a) lenders will pay the Agency an annual service fee based on the guaranteed portion of the outstanding principal balance on 7(a) loans. The amount of this ongoing fee has varied, but since October 1, 2008, the fee has been equal to 0.55 percent (55 basis points) of the guaranteed portion of the outstanding principal balance of a loan.

Typically, when a 7(a) loan is submitted for guaranty purchase there is an unpaid amount owed for the ongoing service fee on the loan. In order to expedite purchase processing and to eliminate the need for SBA to bill a lender for the unpaid fee amount, the fee will be calculated and automatically deducted through the Guaranty Purchase Tracking System (GPTS) from the purchase disbursement made to the lender. This process will start the week of June 21, 2010. If SBA purchases the guaranteed portion of a loan from the secondary market, the unpaid annual service fee will be deducted from any secondary market servicing fee owed the lender. If the unpaid annual fee exceeds the lender's secondary market servicing fee, the lender will be billed for the difference.

Announcing new "Offer in Compromise" Tab System

SBA's National Guaranty Purchase Center (NGPC) in Herndon, VA is pleased to announce the roll-out of a new Offers in Compromise tab system. This new format should be used by lenders when submitting all offers in compromise for SBA NGPC review. SBA's Commercial loan Servicing Centers in both Fresno, CA and Little Rock, AK will soon post similar tab systems for Offers in Compromise on SBAExpress loans. The NGPC compromise tab system can be found here:

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

4th Quarter "Peg" Rate and Maximum Third Party Rate

The optional peg rate for fluctuating interest rates on guaranty loans is 4 percent (4%) for the July - September quarter of FY 2010. Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for any third party lender's commercial loan which funds any portion of the cost of a 504 project (see 13 CFR 120.801) shall be 6% over the New York Prime rate or, if that exceeds the maximum interest rate permitted by the constitution or laws of a given State, the maximum interest rate will be the rate permitted by the constitution or laws of the given State.

(continued on page 4)

NEWS FOR OUR LENDING PARTNERS *(continued from page 3)*

Updated Internal Revenue Service (IRS) Contact Information and 4506-T

The following tables updates the contact points and telephone numbers for IRS Service Centers, which are to be used to request copies of IRS tax transcripts to verify business financial information included in SBA loan applications. This Notice applies only to the 7(a) and 504 Loan Programs.

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 SBA's Intranet site (<http://yes2007.sba.gov/Pages/default.aspx>) and the SBA Banking site (<http://www.sba.gov/banking/>). Please note that SBA's logo must be included at the top of the form to ensure SBA related requests are expedited and to ensure there will be no charge for the transcripts. ♦

IRS Service Campus Addresses, Managers, and Phone Numbers *(Form 1040 series and Form W-2)*

Ohio	333 W. Pershing Rd. Stop 6705 S-2 Kansas City, MO 64108	Latifa Hisham – Manager George Rankin – Lead Brian Duffy – Manager Josephine M. Brown - Lead	816-325-3719 816-325-3713 816-325-3718 816-325-3721	816-292-6102
------	---	---	--	--------------

All other Transcripts *(Form 1065 and 1120 series)*

Ohio	RAVIS Team P O Box 145500 Stop 2800F Cincinnati, OH 45250	Christina Pickett	859-669-2126	859-669-3592
------	--	-------------------	--------------	--------------

SBA's Patriot Express Loan Initiative Delivers Nearly \$500 Million to 6,000 Vets and Military Community

In just three years' time, the U.S. Small Business Administration's Patriot Express Pilot Loan Initiative has supported nearly \$500 million in Patriot Express loans to small businesses owned and operated by veterans, reservists and their spouses. Patriot Express Loans, which can be used to start or expand a small business, increased over the past two years due in part to the American Recovery and Reinvestment Act, which raised loan guarantees to 90 percent, and temporarily eliminated fees for borrowers on all SBA loans. To date more than 6,000 loans have been made.

Patriot Express was launched June 28, 2007, to expand upon the nearly \$1 billion in loans SBA guarantees annually for veteran-owned businesses. SBA also offers counseling assistance and procurement support each year to more than 200,000 veterans, service-disabled veterans, reservists and members of the National Guard. Patriot Express is a streamlined loan product based on the agency's highly successful SBA Express Program, but with an enhanced guaranty and interest rate. Patriot Express loans are offered by SBA's network of participating lenders nationwide and features one of SBA's fastest turnaround times for loan approvals. Patriot Express loans are available for up to \$500,000.

The Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. Local SBA district offices can provide lists of Patriot Express lenders in their areas. Details on the initiative can be found at www.sba.gov/patriotexpress. ♦

SBA Announces Funding Available to Support Regional Clusters, Job Creation

Applications accepted beginning July 7 to fund as many as 15 existing clusters

The U.S. Small Business Administration has announced the availability of funding to support economic development and job creation through existing regional clusters. As part of its Regional Cluster Initiative, SBA will accept proposals from local and regional cluster initiatives beginning July 7 for funding of up to \$600,000 per cluster to support up to 15 projects across the country. Proposals should be submitted by the cluster's coordinating entity.

SBA's Regional Cluster Initiative focuses on accelerating small business growth and job creation through clusters that leverage and align a region's economic, business and workforce assets. Regional clusters are networks of organizations and businesses in a geographic area that grow through increased collaboration, efficiency and innovation.

SBA is launching two programs within its Regional Cluster Initiative: Regional Innovation Clusters (RICs) and Advanced Defense Technologies (ADTs). Prospective offerors for both solicitations may find additional information through the Federal Business Opportunities website (www.fedbizopps.gov).

Information on the RIC solicitation (SBAHQ-10-R-0021) is available at www.fbo.gov/index?s=opportunity&mode=form&id=7e3fa820644db3b29f99bb14adec6b5b&tab=core&_cview=0.

Information on the ADT solicitation (SBAHQW-10-R-0022) is available at www.fbo.gov/index?s=opportunity&mode=form&id=78cf4bab7dd00d2c2e4754d857ad59ab&tab=core&_cview=0.

Clusters may apply to only one program.

Regional Innovation Clusters

Successful offerors will receive a one-year contract with an option for an additional year to provide business training, commercialization and technology transfer services, counseling, mentoring and other services that support the growth and development of small businesses in the cluster area and its industries. SBA will select clusters across the country that meet specified criteria. In each initiative, interested offerors will be asked to demonstrate that they have the partnerships, technical capacity and local assets to support their existing regional cluster.

Regional Innovation Clusters will be assessed on the impact they will have on the region's economic growth, creation of sustainable jobs and the opportunities the cluster provides for small businesses.

Advanced Defense Technologies

SBA is working with the U.S. Department of Defense (DOD) to identify areas around the country where regional innovation clusters can help meet critical defense technology needs. Successful offerors that meet specified criteria will receive a one-year contract with an option for an additional year to provide business training, counseling, mentoring, matchmaking, and other services to small businesses that focus on critical DOD technologies.

Areas of high-growth potential critical to DOD include, but are not limited to, advanced robotics, advanced defense systems, power/energy innovations, cybersecurity and applied lightweight materials. In each project, interested offerors will be asked to demonstrate that they have the partnerships, technical capacity, and local assets to support developing or existing regional clusters.

Experience working with DOD's Small Business Innovative Research program and defense technology development programs is preferred. Offerors with Defense Security Service Facility Clearances who can hold security clearances and discuss classified material on site are also preferred but not required. ♦

SBA Cleveland District Office 216-522-4180

Program Staff

Gil Goldberg, District Director,
ext. 207

Lender Relations Staff:

James Donato, ext. 215

Timothy Ensich, ext. 213

Mark Hansel, ext. 230

Thomas Sangrik, ext. 214

Business Development Staff:

James Duffy, ext. 218

Vanessa Behrend, ext. 220

John L. Renner, ext. 211

Sonya Wagasky, ext. 202

The Cleveland District Office holds monthly training for banks and the general public to acquaint them with SBA programs and services:

Government contracting briefing—
Briefings take place in our suite on the 2nd floor of 1350 Euclid, Cleveland, on the second Friday of the month between 10 a.m. and noon. No registration is necessary.

Loan program briefing—
Briefings take place the 3rd Thursday of the month in our suite between 10 a.m. and noon. Registration is required. To reserve your seat, call (216) 522-4180.

Loan packaging training for bankers—
Meetings are held between 10 a.m. and noon in our suite on the last Wednesday of the month. Registration is required. Call (216) 522-4180 for a reservation.