

CLEVELAND DISTRICT OFFICE NEWS  
 INFORMATION FOR THE SMALL BUSINESS COMMUNITY

August 2008

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LOAN REPORT AS OF JULY 31, 2008

7(a) and 504 Combined

Bank	Number of Approvals	Dollars (In Thousands)
Huntington National Bank	205	\$34,658
Charter One Bank/RBS Citizens	146	\$6,728
National City Bank	144	\$16,745
JP Morgan Chase Bank	96	\$14,280
FirstMerit Bank	88	\$16,868

504 Loans

Bank	Number of Approvals
Huntington National Bank	17
National City Bank	14
FirstMerit Bank	13
KeyBank	7
JP Morgan Chase Bank	6

CDC	Number of Approvals	Dollars (In Thousands)
Growth Capital Corp.	41	\$13,780
Cascade Capital Corp.	16	\$11,312
Lake County SBAC	11	\$3,422
Community Capital Dev. Corp.	7	\$4,366
Mahoning Valley Economic Dev Corp	5	\$2,297
Ohio Statewide, Inc.	5	\$5,275
Stark Dev. Board Finance Corp.	5	\$1,300
Horizon Certified Dev. Co., Inc.	3	\$2,563
Mentor Economic Assistance Corp.	3	\$372
Northwest Ohio Dev. Assistance Corp.	3	\$1,834
SEM Resource, Inc.	3	\$2,651
West Central Partnership	2	\$234

*In News for Our Lending Partners, page 3:*

- E-Tran: SBA's loan guaranty origination solution and loan servicing tool
- Update on the Fiscal and Transfer Agent for the 7(a) loan program



Your Small Business Resource

## Cleveland Hosts First in Series of Region V Economist Forums



The Cleveland District Office hosted the first in a series of seven planned Economist Forums on Tuesday July 8th. Regional Administrator Patrick Rea moderated the Northern Ohio Economist Forum, which was attended by economists from the Federal Reserve Bank of Cleveland, Case Western Reserve University, Cleveland State University, and the private sector. The discussions of the Northern Ohio Economist Forum centered on the obstacles hindering economic growth in Northeast Ohio, and some valuable insights were offered by forum participants. Out of the open discussions grew a consensus of the obstacles to economic development unique to Northern Ohio.

Data gathered from each of the seven forums will be compiled and presented in early September. It is anticipated that the data gathered will be utilized to focus SBA financial products, programs and partners in support of future city, state and regional economic development objectives. Future forums will be offered in Central Ohio, Illinois, Indiana, Michigan, Minnesota and Wisconsin. Each forum is designed to provide an informal setting for gathering the most current information and professional concepts on what economic factors are affecting SBA's Districts and the Midwest Region. The informal forums will encourage each economist to discuss their position on the current state of the local economy and then offer strategies to support economic growth. Invitations for each of the forums will be extended to a small group of regional economists from major universities, State and Federal offices, and the private sector. ♦

## Cleveland Business to Business Matchmaker 2008

### *Another Successful Event*

Cleveland Matchmaker 2008 was the continuation of a series of successful business to business matchmaking events in Cleveland since 2004. The event attracted 210 small businesses and 28 buying organizations. There were 46 buyers' tables as several organizations had more than one table. 75 individual buyers attended the matchmaker at some point during the two day event with 33 buyers present on both days and an additional 23 on day one and 19 on day 2.



Overall, the comments from all parties were very positive and it became clear that this event was the most successful matchmaker in Cleveland to date. The room buzzed with activity for two days and there was a general feeling by all of the partners that the clients, large and small were doing some serious business and enjoying themselves at the same time. The 2008 event was held at Progressive Field (formerly Jacobs Field) in Cleveland. This venue, which is professional yet relaxed, has been a key ingredient to the success of the event over the past 3 years. The partners received several comments from buyers stating that this is one of their favorite events to attend each year and almost without exception mention that the ballpark is one of the main reasons for this.

The event was brought together in by the Urban League of Greater Cleveland and the SBA's Cleveland District Office. This event is one of the keystone events of the Cleveland District SBA office. The event truly allows small business access to large organization buyers in a productive way. Although actual deals do not get closed at the event, it serves to create the beginnings of a relationship, that with proper followed, can lead to a contractual relationship. ♦

## SBA Introduces Two New Online Finance Courses for Small Business Owners

The U.S. Small Business Administration has introduced two new free online finance courses to help small business owners with the basic principles of finance and borrowing. The new self-paced courses, Finance Primer: Guide to SBA's Loan Guaranty Programs at <http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=29> and How to Prepare a Loan Package at <http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=28>, walk business owners through steps that answer questions about what debt financing is, what loan programs are available, what small businesses should know about borrowing money, how to prepare a loan package and how loan requests are reviewed by lenders.

The Finance Primer gives an overview of the SBA's loan guaranty programs to help small businesses understand the variety of financial resources, including those from the SBA. The finance courses can help entrepreneurs avoid some of the common mistakes made such as securing the wrong type of financing, miscalculating the amount of financing required, and underestimating the cost of borrowing money.

The Loan Package course includes small business links to related information, and refers course participants for direct support in preparing a loan request to appropriate resources that include SBA's district offices, SBA resource partners and lenders. Course participants who complete the 30-minute online training programs can earn a certificate of completion from the SBA, with their name, date and course title. The new finance courses have been added to a menu of more than 26 online tutorials offered by the SBA. On a typical day, 800 to 2,000 customers register for free online courses offered by the SBA through its virtual training campus at the Small Business Training Network (SBTN) ([www.sba.gov/training](http://www.sba.gov/training)). ♦

## SBA Partnership with the Department of the Navy will Provide Contract Opportunities for 8(a) Companies

The U.S. Small Business Administration and the Department of Navy today signed a Memorandum of Agreement that will improve federal contracting opportunities for more than 240 small disadvantaged firms participating in the SBA's 8(a) Business Development program in all 50 states. Under the agreement, the Naval Sea Systems Command will use its SeaPort-e Web-based services acquisition tool containing Multiple Award Contracts to award federal contracts directly to firms participating in the 8(a) program. The 8(a) program is a business development program that provides management and technical assistance, and assistance in identifying federal contracting opportunities to socially and economically disadvantaged businesses. These firms will have the opportunity to perform 22 types of services, including research and development support, engineering and acquisition logistics support.

"This is a great example of a military department and a civilian agency working together to expand opportunities and improve diversification of our industrial base. I applaud the Navy and SBA's hard work to realize the vision to provide for competitive 8(a) restricted competition under the SeaPort-e program," said Tim J. Foreman, Director of the Office of Small Business Programs for the Office of the Secretary of the Navy. Under the agreement, the Navy will be able to expedite the competition and award process directly with 8(a) firms without SBA as an intermediary. Other benefits of the partnership agreement include:

- Contract opportunities for 8(a) firms in the states affected by these procurements;
- Restriction of task order requirements under the Multiple Award Contracts tool solely for 8(a) competition on 22 types of services;
- An annual rolling admissions period to allow more small businesses to become Multiple Award Contracts awardees within SeaPort-e;
- Provisions to allow existing prime contractors to renew their size status in accordance with SBA's new recertification rule;
- Rules permitting 8(a) participants to compete on non-8(a) task orders under a contract once they are listed on Navy's Multiple Award Contracts tool; and a five-year base ordering period and two five-year contract award terms under the Multiple Award Contracts tool for 8(a) program participants.

The Memorandum of Agreement is effective for five years. ♦

# News for Our Lending Partners

## What is E-Tran?

E-Tran is an SBA loan guaranty origination solution that leverages best-practice Internet technology to reduce the turnaround time on loan guaranty requests and provide the agency with high quality, timely data to support the management and oversight of its portfolio. E-tran is one component of an overall strategy to provide increased efficiency and decreased costs in the loan guaranty origination process.

### *E-tran lenders can also utilize the system for loan servicing:*

- Lenders now have the ability to report loan cancellations via E-tran servicing
- Lenders have the ability to view the status of their loans post-origination (maturity date, loan payments, etc.)
- This should help reduce 1502 reporting errors
- The ultimate goal of E-tran servicing is to enable lenders to handle all unilateral servicing actions (address changes, name changes, etc.) via E-tran

SBA has worked with numerous lenders over a two year period to tailor this application for the lending community. E-Tran's flexibility allows lenders to determine which method of access is best for them. E-Tran was created to allow access through a number of channels, including:

- A Web page where lenders can enter loan information for single loans
- A secure Web site capable of accepting multiple applications simultaneously via an XML (Extensible Markup Language) file transfer
- Working with software intermediaries that have E-Tran loan submission functionality built into their program

The Agency has been requested repeatedly to work with the financial industry's software providers to incorporate E-Tran into their software products. The technical specifications for E-Tran were designed so that any bank is able access this system regardless of their level of technical expertise.

### *What are lenders saying about E-tran?*

- Instant Assignment of SBA number (decreased turnaround time and convenience)
- Competitive advantage: Ability to respond in the market place and close loans faster
- Automated report features
- Confidence that eligibility compliance is being maintained due to system design of the data entry and Validation
- Automatic calculation of fees
- Access to technical support (very responsive)
- Drafts can be created and stored to return to at a later date
- Overall programming very "user-friendly" and easy to train

Instant Validation provides comfort that there are no errors in data entry

*(Continued on page 5)*

## News for Our Lending Partners *(continued from page 4)*

### ***How does E-tran work?***

*Lender A:* (high level of technological capability or subscribes to a documentation software vendor) Lenders will have access to E-Tran whether they use commercially available software or an in-house designed program. Either can be easily updated to implement E-tran. Software vendors and lending partners can use the E-tran documentation to customize their software to extract SBA's required data from their systems. This documentation describes the technology standards and data required to send an Internet file transfer to SBA..

Once implemented, the data is sent to the SBA much like an e-mail attachment. The file transfer data is subjected to the same validation rules and constraints as data entered into the web application. For example, a \$5 million SBAExpress loan guaranty request would be screened out for exceeding the "maximum loan amount" business logic coded into the system. In this instance, the system informs the user of the error and requests an acceptable entry for loan amount.

*Lender B:* (has Internet capability, but does not use a software vendor product) Lenders must log into the system with their user names and passwords, which are entered in the New IT Security system and authenticated against SBA's Partner Identification Management System (PIMS). The Security system and PIMS serve as the gatekeepers to E-tran. The integration of these three systems prevent a lender with an inactive SBAExpress agreement from processing a SBAExpress loan electronically.

Once logged into the system, SBAExpress lenders will enter the data required to receive a loan number, most of which is the same as what is contained on the paper-based SBAExpress forms currently being used by SBAExpress lenders. It is important to note there are some additional data fields required in E-tran that some lenders may be unfamiliar with submitting during the loan guaranty approval process. Upon completion of the data entry, which takes an experienced SBAExpress Lender approximately 15-20 minutes, lenders will validate the data against SBA's business rules, correct any mistakes, and then submit the loan application. Within minutes the lender will receive an SBA loan number signifying approval of the loan guaranty request.

### ***How to get started? Lenders should contact:***

Stephen Kucharski- (202)205-7551 or [stephen.kucharski@sba.gov](mailto:stephen.kucharski@sba.gov)

Glenn Hannon- (202)205-7122 or [glenn.hannon@sba.gov](mailto:glenn.hannon@sba.gov)

The following information will be required to issue a user id/password for E-tran:

Last Name of User:

First Name:

Middle Initial:

Lender Name:

Company:

FIRS #:

Complete Mailing Address:

Title:

Telephone Number:

E-mail address:

Or, feel free to contact our Lender Relations division at (216) 522-4180.

## **Fiscal and Transfer Agent for 7(a) Loan Program:**

Earlier this year, SBA indicated that it would soon be naming a new fiscal and transfer agent for the 7(a) program. This notice is to advise our lending partners that Colson Services Corp. will remain the fiscal and transfer agent for the U.S. Small Business Administration's (SBA) 7(a) Loan program. Continuing current practice, 7(a) lenders should continue to submit SBA Form 1502 reports and related guarantee fee payments to Colson Services Corp. If you have any questions on this or any SBA loan matter, please contact our Lender Relations division at (216) 522-4180. ♦

## High Impact Firms Create Ohio's Jobs and Growth

### *State Has 12,878 of These Important Firms*

“High-impact” firms create Ohio’s new jobs and growth, according to a study recently released by the Office of Advocacy of the U.S. Small Business Administration. Distributed across all industries, high-impact firms account for almost all employment and revenue growth in the national economy, the study concludes. Of the 376,604 high impact firms identified by researchers nationwide, 12,878 are located in Ohio. That number represents 2.38 percent of Ohio’s firms. The study *High-Impact Firms: Gazelles Revisited*, defines high-impact firms as those whose sales have at least doubled over a four-year period and which have an employment “growth quantifier” (the firm’s absolute change in employment multiplied by the percent change) of two or more.

The study notes that such firms are found across all industries and in all geographic regions. It ranks regions, states, metropolitan statistical areas, and counties by their percentage of high-impact firms. The study finds, with some data limitations, that high-impact firms are not start-ups but are on average around 25 years old, and that they come in all size classes. The report also documents that over the periods studied, nearly all job losses came from large, low-impact firms. “High-impact firms are important to Ohio’s economic growth and development,” said Dr. Chad Moutray, Chief Economist for the Office of Advocacy. “State policy makers would be wise to consider how their policies can encourage such firms.” ♦

*The Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. The presidentially appointed Chief Counsel for Advocacy advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policy makers. For more information, visit [www.sba.gov/advo](http://www.sba.gov/advo), or call (202) 205-6533.*

## IRS e-News for Small Businesses: a Time Saver for Small Businesses and the Self-Employed

Keeping up with federal tax requirements is not always easy in today’s fast-changing business environment. Even if small businesses and the self-employed use a tax professional’s services, they still need to know and understand their tax responsibilities. That’s why the IRS is working to provide businesspeople with timely information to help them understand and meet their tax obligations. IRS e-News for Small Businesses offers small businesses and the self-employed a real time-saver. e-News is a bi-weekly newsletter that alerts them to what’s new, hot and important for small business owners to know. It’s quick to read, easy to subscribe – and it’s free. e-News for Small Businesses is the IRS’s e-newsletter for businesses with specialized content consisting of:

- Important upcoming tax dates for small businesses
- What’s new for small businesses on IRS.gov
- Reminders and tips to assist small businesses with tax compliance
- IRS news releases and special IRS announcements
- Direct links to a variety of Web sites and resources
- Availability of IRS products, services, and training opportunities

Businesspeople may also want to take a look at other IRS e-newsletters:

- IRS Tax Tips – tax information via e-mail from the IRS daily during the tax-filing season and periodically the rest of the year
- Retirement News for Employers – information about current developments and upcoming events within the retirement plan arena; issued periodically during the year

Subscribe to e-News for Small Businesses on IRS.gov at <http://www.irs.gov/businesses/small/article/0,,id=154825,00.html> or other IRS e-newsletters at <http://www.irs.gov/newsroom/content/0,,id=103381,00.html>, click on the newsletter title, click on “Subscribe Now” and enter your e-mail address. ♦

## Office of the National Ombudsman Releases Annual Report

The Office of the National Ombudsman at the U.S. Small Business Administration recently released its annual report to the 110th Congress, rating federal agencies' responsiveness to the regulatory enforcement and compliance issues faced by small businesses during fiscal year 2007. The National Ombudsman provides a voice for small businesses in the federal regulatory enforcement process. Created by the Small Business Regulatory Enforcement Fairness Act (SBREFA), the Office of the National Ombudsman works with small businesses and federal agencies to ensure that regulatory or compliance issues are handled and enforced fairly.

"It is essential that regulatory enforcement be effective, and not excessive," said National Ombudsman and Assistant Administrator for Regulatory Enforcement Fairness Nicholas N. Owens. "Our focus will continue to enhance transparency for small businesses served, while strengthening the relationship between the small business community and the government." In 2007, the ONO significantly increased its responsiveness to small businesses, handling over 500 cases involving regulatory or compliance issues. Federal agencies decreased its response time to these cases from 52 days in 2006 to 27 days in 2007.

Each agency receives a "grade" from the National Ombudsman, rating its responsiveness to small business regulatory enforcement concerns. The annual report summarizes these ratings (which can be found in table II-1 of the report), based on five categories which include: The agency's timeliness and quality of response to small business comments; Presence of a non-retaliation policy; the degree of regulatory enforcement compliance assistance to small businesses; the agency's participation in Regulatory Fairness hearings; and how the agency informs small businesses about the SBREFA, as well as their rights to contact the Office of the National Ombudsman to discuss the enforcement and compliance process. In 2007, federal agencies across the board improved their compliance efforts. This year, the National Ombudsman recognized six federal agencies for their extraordinary efforts in responding to small businesses' regulatory enforcement cases.

"Although agencies are obligated to provide responses under SBREFA, it is my belief that the quality of our work is enhanced when it is met with positive compliance assistance efforts, rather than going straight to a penalty stage," said Owens. The six agencies acknowledged with the "National Ombudsman's Special Recognition for Regulatory Enforcement and Compliance Assistance" are listed in the report. The National Ombudsman's 2007 and additional information about the Office of the National Ombudsman is available at [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman).♦

## Cleveland District Office Hosts 7(j) Training

The SBA Cleveland District Office hosted a Cost and Pricing Level 1 Training seminar for 22 business owners on Tuesday, August 5, 2008. The seminar instructor was Carol Thompson, Assistant Director for Management and Technical Assistance, from the SBA Washington D.C. Headquarters Office.

The seminar was geared toward small disadvantaged business owners who were looking to polish their skills and knowledge base in bidding upon federal government contracts. The day long seminar was held in the lower level conference room of the U.S. Bank Building.

Ms. Thompson received favorable reviews for the quality of her presentation and the importance of the information disseminated.♦

