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## Lender Update

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



## Notes from the District Director *Fiscal Year End Approaching*

I hope you are in the midst of a fantastic summer season. I know it has been a very busy summer for me and for all of us at the SBA. It is hard to believe school has started, and in just over a month we will be coming to the end of another fiscal year. Where has the time gone?

On September 1<sup>st</sup>, we will roll out a new SBA program called Small/Rural Lender Advantage. This program is designed to streamline the process for lenders that make infrequent SBA loans (fewer than twenty per year) as well as foster the economic development in rural America and urban communities. Additional details on the program are included on page two of this publication.

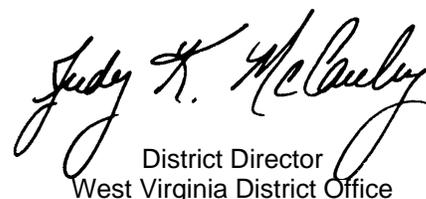
Here is an update on how the competition for top lender in West Virginia is going as of the end of July. It looks as though things are heating up for the top lender spot. BB&T has been leading the way throughout the year and continues to do so with 40 SBA loan approvals, but Huntington National Bank, our 2007 top lender, is quickly closing the gap with 38 approvals. JP Morgan Chase is third with 13 approvals.

In the Community category, First State Bank has 13 approvals with Freedom Bank coming in at 6 approvals. The top five lenders are listed below with a complete listing of the 2008 lender rankings found on our West Virginia District Office Financing web page at:

<http://www.sba.gov/localresources/district/wv/financing/index.html>

	<b>Lender</b>	<b>Loans</b>	<b>\$ Amount</b>
1	BB&T	40	\$5,289,200
2	Huntington National Bank	38	\$1,249,300
3	Superior Financial Group	20	\$157,500
4	First State Bank	13	\$1,526,000
5	JP Morgan Chase	13	\$746,800

We are looking for some good entrepreneurs and small business champions for our 2009 Small Business Week awards. Nominations are being accepted now through November 28, 2008. Small businesses are the heart and soul of our economy. We are privileged to recognize and reward them for their devotion in their pursuit of the American Dream. See the Small Business Week 2009 article on page four for more specific details.

  
District Director  
West Virginia District Office

## SBA Lender Advantage - Loan Initiative for Small and Rural Lenders

The SBA knows flexible small business loans are an important part of a lender's portfolio. Now lenders can maximize this potential by participating in a new initiative designed specifically to make it easier for small and rural lenders to participate in SBA's 7(a) guaranteed loan program. The SBA Lender Advantage Loan initiative will be available for West Virginia lenders on **September 1, 2008**, which is great news for you and your customers.

Small SBA volume lenders (those that have processed an average of 20 or fewer SBA loans annually over the last three fiscal years) that are in good standing may use this program. Non-SBA lenders must be approved by SBA to participate in the 7(a) loan guaranty program before they may participate in this initiative.

**How Lenders Benefit** – This initiative features a 7(a) product designed exclusively for new or small volume SBA lenders submitting loan requests through a non-delegated lender process. Its features include:

- A shorter, simplified application for loans of \$350,000 or less;
- An expedited SBA loan processing time of 3-5 days for routine loans;
- Only limited, key financial documentation is required;
- An SBA guaranty of 85 percent is available for loans of \$150,000 or less; 75 percent if the loan is larger;
- A simplified loan eligibility questionnaire is provided to help small or occasional SBA lenders understand SBA's eligibility criteria;
- The guaranteed portion of an SBA loan can be sold to an investor to maintain your liquidity and enhance your yield;
- Fillable PDF loan application which, when signed, may be faxed or e-mailed to SBA (Signed original must be maintained by lender). Forms are available at: <http://www.sba.gov/tools/Forms/smallbusinessforms/fsforms/index.html>;
- Access to eligibility assistance through SBA's Sacramento Center help desk;
- Training on SBA loans is available from the West Virginia District Office.

### How Does a Lender Participate in this Initiative?

- A lender already approved to participate in the 7(a) program and in good standing with SBA is eligible to submit applications to the

Loan Guaranty Processing Center under the Lender Advantage Loan initiative.

- Lenders that do not have authority to participate in the 7(a) program must contact the West Virginia District Office to obtain an approved Loan Guaranty Agreement before they can participate.

For questions about the initiative, please contact **Tom White** at (304) 623-5631 ext. 233 (email: [Thomas.white@sba.gov](mailto:Thomas.white@sba.gov)) or **Emma Wilson** at (304) 347-5220 (email: [emma.wilson@sba.gov](mailto:emma.wilson@sba.gov)). For a more in depth overview of the initiative, review [SBA Procedural Notice 5000-1056](#) which can be found under the **For SBA Lenders** area off the Financing page of the West Virginia web site.

### Loan Processing SOP 50-10 Frequently Asked Questions

The SBA has developed an extensive list of frequently asked questions in conjunction with the **August 1** release of the new SOP 50-10 (5), which covers 7(a) and 504 loan processing and the requirements to become and remain a 7(a) lender or a Certified Development Company (CDC). The FAQ's can be found on the West Virginia financing web page for your convenience at the following URL:

[http://www.sba.gov/idc/groups/public/documents/wv\\_clarksburg/wv\\_sop5010\(5\)\\_faq.pdf](http://www.sba.gov/idc/groups/public/documents/wv_clarksburg/wv_sop5010(5)_faq.pdf) or visit the SBA West Virginia web site ([www.sba.gov/wv](http://www.sba.gov/wv)) and select Financing from the right side menu.

For specific questions or further clarification, contact your West Virginia Lender Relations Specialist via email at: [thomas.white@sba.gov](mailto:thomas.white@sba.gov); [emma.wilson@sba.gov](mailto:emma.wilson@sba.gov); or [david.manley@sba.gov](mailto:david.manley@sba.gov) or call either the West Virginia District or Charleston Branch Office.

## 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. Additional information can be found by reviewing [SBA Informational Notice 5000-1062](#) found under the **For SBA Lenders** area under the Financing page on the West Virginia web site.

## Be Sure to Renew Your Short Term Lines of Credit Each Year

Most commercial lenders set up their lines of credit with an initial term of 12 months because of their annual renewal policy and reduced SBA guaranty fee (SBA maximum of 60 months) and then renew them, year by year. This is permitted under both the SBAExpress and Patriot Express loan programs. However, if you do not renew the line each year, your SBA guaranty **will no longer remain in effect**.

You should establish some sort of system that works with your existing bank renewal policy that reminds you to renew the SBA guaranty at the same time. On SBAExpress and Patriot Express loans, you renew the SBA guaranty by completing SBA Form 2237 and faxing it to our Little Rock Servicing Center (fax number is provided on top of the form).

**Note: After the first year, an additional guaranty fee will be due to SBA. You will be expected to remit the additional guaranty fee to our Denver office by wire transfer, regular U.S. mail or through [www.pay.gov](http://www.pay.gov). However, after that first year renewal, there is no additional guaranty fee unless you increase the loan amount.**

If you have any questions about renewing your lines of credit, please contact your SBA Lender Relations Specialist.

You can download SBA Form 2237 at: <http://www.sba.gov/tools/Forms/smallbusinessforms/fsforms/index.html>.

**Congratulations** to West Virginia's newest SBAExpress and Patriot Express lender, **First National Bank** with locations in Ronceverte, Charleston and Lewisburg.



## Online Finance Courses for Small Businesses

Do you have clients that need additional preparation? The SBA has two new free online finance courses to help small business owners with the basic principles of finance and borrowing.

The new self-paced courses walk business owners through steps that answer questions about 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 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 included SBA's district offices, SBA resource partners and lenders.

The new finance courses have been added to a menu of more than 26 online tutorials offered by the SBA through its virtual training campus at the Small Business Training Network (SBTN) at [www.sba.gov/training](http://www.sba.gov/training).

## NOTE – Sacramento Loan Processing Center Has Moved

The Sacramento Loan Processing Center has moved to a new location. The mailing address and contact information has changed to: Sacramento Loan Processing Center, 6501 Sylvan Road, Suite 111, Citrus Heights, CA 95610. New fax numbers are (916) 231-3555 for loan applications and (916) 231-3552 for lender nominations and renewals. Specific contact numbers are: Hien Nguyen (916) 231-3494; Hardy Slay (916) 231-3474; Barbara Stefani (916) 231-3475; Richard Taylor (916) 231-3499; and Sally Schimmel (916) 231-3470.

## Short Term Loan Maturity Notice

[SBA Procedural Notice 5000-1067](#) states effective August 18, 2008, SBA will begin notifying each lender 30 days after the maturity of any 7(a) loan of 12 months or less that, if the lender wishes to extend the maturity date of that loan, it must contact the Little Rock Commercial Loan Servicing Center to request an extension of the maturity date. The lender must request this extension by completing SBA Form 2237 and paying the additional guaranty fee required for loans with maturities greater than 12 months, but this must be done within 90 days of the maturity date of the loan.

If SBA does not receive a request for extension within 90 days following the original maturity date of the loan, SBA will notify the lender that the loan's status has been changed to Paid-In-Full status and SBA's guaranty has been cancelled. The lender may request reinstatement of the

guaranty within 30 days, subject to funding availability and provided certain conditions are met.

Questions regarding [Notice 5000-1067](#) can be directed to the Little Rock Servicing Center at [lrservicing@sba.gov](mailto:lrservicing@sba.gov), or by contacting your West Virginia Lender Relations Specialist. A copy of the Notice can be found under the **For SBA Lenders** area off the Financing page of the West Virginia web site.

## Small Business Week 2009

Each year, the SBA recognizes successful entrepreneurs and champions during Small Business Week activities throughout the country. Each district office solicits nominations from various organizations within the business community for outstanding candidates to recognize at local, regional and national levels.

The West Virginia District Office is in the process of seeking qualified nominees for the 2009 Small Business Week Awards Celebration. We would like to enlist your assistance and encourage you to sponsor individuals and businesses for one of the prestigious awards.



**2008 Small Business Person of the Year**  
(l-r) Jim Pitrolo, Governor's Office; Judy McCauley, SBA; Harry Siegel, HMS TECHNOLOGIES; Steve Roberts, WV Chamber of Commerce

Once the nominations are received, an independent panel of judges will select the 2009 West Virginia District Winners, who will then compete at the regional and possibly the National level during Small Business Week in Washington DC set for May 17-23, 2009. The West Virginia District winners will be honored at our annual Small Business Week Celebration sometime in May or June of 2009.

The deadline for submitting nominations is Friday, **November 28, 2008**. For information, contact Rick Haney at (304) 623-5631 ext. 230

([richard.haney@sba.gov](mailto:richard.haney@sba.gov)) or visit the WV District Office web site at [www.sba.gov/wv](http://www.sba.gov/wv).

## SBA Launches Tax Savings Resource Center

SBA has created an online tax savings resource center to help small businesses understand how they can benefit from the 2008 economic stimulus package signed into law earlier this year.

The package includes the following tax incentives for businesses: a 50% bonus depreciation allowance on equipment purchased and placed in service in calendar 2008 and an almost 100% increase in the amount (from \$128,000 to \$250,000) that a business can expense for equipment purchased and placed in the business tax year beginning in 2008.

The center, located at [www.sba.gov/stimulus](http://www.sba.gov/stimulus), contains three resources: a Fact Sheet; Depreciation Calculator; and an Online Seminar.

These resources should help small businesses take advantage of the stimulus package. However, because there are exceptions and additional requirements, small businesses are encouraged to contact their tax advisor to determine exactly how the provisions and implementing tax code of the 2008 economic stimulus package apply to their business. They can refer to the IRS web site: [www.irs.gov/newsroom/article/0,,id=179277,00.html](http://www.irs.gov/newsroom/article/0,,id=179277,00.html) for additional information regarding tax changes.

### Top Ten Screen Out Reasons 7(a) Loan Guaranty Processing Center

- Lack of current financials
- Repayment ability not demonstrated
- Incomplete personal financial statement or lack thereof
- Affiliate information not included
- No 912 information
- Not pledging available collateral
- Term requested exceeds policy and no reason/explanation given
- Incomplete SBA Form 4 or 4-i
- Lack of Pro Forma Balance Sheet
- No explanation of tax liens.

## REMINDER

When submitting electronic loan documents for processing, be sure the files you are submitting are under 4MG in total size. Also, you might want to follow-up with the Loan Processing Center via telephone or email to confirm receipt.