

The Lender's Advantage

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The Director's Corner

Judy K. McCauley
 SBA's WV District Director

In February, President Obama signed the

American Recovery and Reinvestment Act (ARRA) to address the nation's economic crisis. Within a matter of weeks, the SBA had activated a portion of the \$730 million received through the Act to get capital flowing to the nation's small businesses.

Now, nine months later, the SBA's average weekly loan volume has increased more than 70 percent when compared with the two months preceding the enactment of the stimulus. Overall, SBA has supported more than \$12 billion in lending nationwide. In fact, the September loan volume - \$1.9 billion in gross approvals - is the highest in more than two years.

Here in West Virginia we've also seen a steady improvement in loan numbers since the Act was signed, resulting in \$19.8 million in approvals to 119 small businesses statewide.

But without SBA's participating lenders, we would not have any Recovery Act success to talk about. The SBA loan guaranty has proven to be an invaluable lending tool in times like these. While mitigating a bank's risk, the guaranty can actually increase profitability by growing your customer base and loan portfolio. Recovery Act provisions like the increased guaranty percentage have made SBA-backed loans a better option than ever.

However, because of the temporary nature of the Recovery Act provisions, we urge lenders and small businesses to

keep informed of the ARRA's status at www.sba.gov/recovery.

We are also continuing our lender training by offering a four part training series on the SBA's CAPLine Guaranty program. Each week in November we will look at a different CAPLine program. See page two for specific information.

Lenders interested in providing clients with financial relief via the ARC loan, but who do not have time to obtain the necessary loan package documents, might be interested in the ARC training sessions offered by the West Virginia Women's Business Center (WBC). The sessions will be held on Wednesday, November 4 in Beckley and Monday, November 9 in Charleston. They will not only provide an overview of ARC, but the WBC will be available to work with small businesses to package an ARC loan. All the lender has to do is review the request and process it. Contact the WBC at (304) 253-3145 for information or visit their web site at www.westvirginiawbc.org.

And finally, I want to remind you of our 2010 Small Business Week Awards Program. Additional information can be found on pages three and four.

Thank you for keeping that all important working capital flowing to our most important resource, West Virginia's small businesses.



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District Director:
 Judy McCauley

Editor:
 Richard Haney

Charleston Branch
 405 Capitol Street
 Suite 412
 Charleston, WV 25301
 (304) 347-5220 phone
 (304) 347-5350 fax

Helping small businesses start, grow and succeed.



PRESIDENT PROPOSES TO RAISE SBA LOAN LIMITS



The SBA issued the following statement by Administrator Karen Mills on the proposal by President Barack Obama to raise the maximum loan size for SBA-backed loans to small business:

"America's 29 million small businesses have been hard hit in this recession. Nine months ago, President Obama sent small businesses a life line: the American Recovery and Reinvestment Act. Since then, the SBA has supported more than 33,000 loans for a total of almost \$13 billion in small business lending. This has helped save or create tens of thousands of jobs."

"But there is much more work to be done, which is why President Obama pledged his support for legislation that would increase the maximum size of some SBA loans. Increasing maximum loan sizes will allow the SBA to ensure that more small business owners and entrepreneurs can get access to the credit they need to expand their operations and create jobs."



"The President also announced additional support from the Treasury Department for smaller community lenders that are committed to increasing their lending to small businesses. Secretary Geithner and I will host a conference on small business lending with Members of Congress, regulators, lenders and the small business community. The conference will discuss additional efforts that can be taken to provide small businesses with access to credit. These steps, coupled with SBA's ongoing efforts, will help small businesses grow and create jobs throughout America."

Specifically, President Obama called for:

- Increasing the size of SBA's 7(a) loan from \$2 million to \$5 million
- Increasing the size of SBA's 504 loan from \$2 million to \$5 million for standard borrowers (supporting a total project of \$12.5 million) and from \$4 million to \$5.5 million for manufacturers (supporting a total project of \$13.75 million).
- Increasing the size of SBA's Microloan from \$35,000 to \$50,000

A copy of the President's remarks and a fact sheet on the announcement can be found at:

http://www.sba.gov/idc/groups/public/documents/sba_homepage/sba_rcvry_obama_evnt_remrks09.pdf

A fact sheet on the proposal can be found at:

http://www.sba.gov/idc/groups/public/documents/sba_homepage/sba_rcvry_new_effort_credit_sb.pdf

Training - Training - Training

Did you know the SBA can guarantee a Builders Line of Credit up to \$2M for the construction of spec homes? It's TRUE!! The WVDO will be conducting a four part training series highlighting the SBA's CAPLine Guaranty programs. The series will begin with the Builders CAPLine program on Thursday, November 5, move to the Contract CAPLine on November 12, then the Asset Based CAPLine on November 19 and conclude with the Seasonal CAPLine on Tuesday, November 24.

The training series will be interactive and offered via the ReadyTalk webinar format. Lenders that are involved with contractors, builders, asset based businesses or have customers with seasonal credit needs should be interested in this series. It promises to be informative and it will show how you can apply these credit enhancement tools across a broader spectrum of your loan portfolio.

Please follow the instructions on how to register which will be sent via special invitation, and choose which seminar(s) you would like to attend. Virtual refreshments will be provided.

7(A) AND 504 PROGRAM FEES - FY 2010

Each year SBA reviews user fees payable to SBA by 7(a) participating lenders, CDCs and borrowers to determine if they are sufficient to cover the estimated subsidy costs of the 7(a) and 504 loan programs.

7(a) Loan Program

For 7(a) loans approved on or after October 1, 2009, the "Yearly Fee" due from Lenders to SBA will be 0.55 percent (55 basis points) of the guaranteed portion of the outstanding balance on the 7(a) loan. This fee remains the same as for FY 2009. The 7(a) Yearly Fee is imposed under Section 7(a)(23) of the Small Business Act and is referred to as the "ongoing service fee" in the 7(a) Authorization Wizard.

All other fees in the 7(a) loan program will be the same as for FY 2009. A description of these fees may be found in [SOP 50 10.5](#).

See FEES on page 4

WEST VIRGINIA TOP 7(A) & 504 LENDERS—FISCAL YEAR 2009

	Lender Name	\$ Amount	Loans
1	Huntington Bank	\$4,046,900	30
2	Main Street Bank	\$1,683,400	26
3	BB&T	\$1,923,500	24
4	Freedom Bank	\$1,825,000	10
5	Superior Financial Group, LLC	\$97,500	9
6	Community Trust Bank, Inc.	\$2,105,000	8
7	First State Bank	\$2,265,000	6
8	Advantage Bank	\$210,700	6
9	Citizens Savings Bank	\$272,100	5
10	OVIBDC CDC, Inc.	\$2,651,000	3

E-TRAN HELPFUL HINTS

IMPORTANT INFORMATION for Lenders who are entering their ARC loans via E-Tran:

1. You should put a zero in the Months Interest Only block on every ARC loan since the borrower will not be charged interest.
2. The Loan Term should include the disbursement and deferral periods plus the pay-out term. For example:
 - a. If the ARC borrower will be making 6 months of P&I payments, the Loan Term would be 78 months, or 6 month disbursement plus 12 month deferral period plus 60 months to repay principal.
 - b. if the ARC borrower will be making 1 lump sum payment on a QSBL, then the Loan Term would be 73 months, or 1 month disbursement plus 12 month deferral period plus 60 months to repay principal.
3. Your ARC borrower is required to provide the DUNS number for the business. Instructions on how to search for or obtain a DUNS number are available at: www.sba.gov/idc/groups/public/documents/sba_homepage/duns_number_instructions.pdf.
4. If you accidentally enter something that you want to delete, pull up the page that you want to correct and hit Clear, then Save and then type in the correct information. If you accidentally enter a guarantor using an invalid SSN or just need to remove a guarantor, pull up that particular guarantor's screen, hit Clear and then Save. That will fix the error. (Note: this works for all loans entered in E-Tran, not just ARC loans.)

Options for 7(a) Loan Application Submission

There are four ways a lender can submit an application (for standard 7(a), DFPF, and S/RLA loans). In order of preference, they are:

1. Use "Send this File". This is the most preferred method because it is easy to use, does not have file size limitations, and can be accessed by several SBA personnel. To send your application this way, go to the Loan Guaranty Processing Center's web site at: <http://www.sba.gov/aboutsba/sbaprograms/elending/lpc/index.html> and click "Submit 7(a) Loan Documents Here," enter the required information and attach the files.
2. Email it to the standard 7(a) program In Box. This option works fine as long as the total file size does not approach 5MB in size. If the file size nears or exceeds 5MB though, the email will not go through and neither the sender nor SBA will know that it did not go through. The email address is: 7ALoanProgram@sba.gov.
3. Mail it to SBA via FedEx or regular US Mail. Either option will work, but there is the obvious delay for mail time. Send your package to: 262 Black Gold Blvd., Hazard, KY 41701
4. Fax it to SBA's fax server. This option will work for larger files, but it can be a bit cumbersome to work with. The fax number is (606) 435-2400.

2010 SMALL BUSINESS AWARD NOMINATIONS DUE NOVEMBER 30

The West Virginia District Office is presently seeking nominations for the 2010 Small Business Week Awards program to be celebrated Thursday, May 13, 2010 at the Tamarack Conference Center in Beckley. Nominations are being solicited for outstanding entrepreneurs and small business champions in a variety of categories ranging from West Virginia Small Business Person of the Year to Financial Services Champion. For a complete list of award categories and specific nomination guidelines for each, visit the West Virginia SBA web site at: http://www.sba.gov/localresources/district/wv/WV_SBWINFO.html or contact [Rick Haney](mailto:Rick.Haney@sba.gov) at (304) 623-7449 (email: richard.haney@sba.gov).

All nominations MUST be delivered to the West Virginia District Office, 320 West Pike Street, Suite 330, Clarksburg, WV 26301, by Monday, November 30, 2009.

NEW—2010 COMMUNITY/RURAL LENDER OF THE YEAR AWARD

The Office of Financial Assistance (OFA) has created a new Small Business Week award to better reflect the mission and goals of the Agency in a critical business environment. This year the SBA would like to recognize an outstanding community or rural lender.

The award is for a Community/Rural lender (under \$250 M in assets) that has exhibited an ongoing commitment to supporting the growth and expansion of small businesses that are not able to obtain financing on reasonable terms elsewhere. Nominations for this award will come from the lending community and are due in the West Virginia District Office by **Monday, November 30, 2009**.

Criteria to be considered (and addressed in the nomination package) includes the following:

- Increase in SBA loan approvals over the past two fiscal years
- Use of different SBA loan programs
- Use of ARRA to assist area businesses
- Signature deals that show SBA's impact in the community
- Outreach and/or increased penetration in underserved constituencies.

For more information on this award, visit the WVDO Small Business Week web site at:

http://www.sba.gov/localresources/district/wv/WV_SBWINFO.html or contact [Rick Haney](mailto:rick.haney@sba.gov) (email: richard.haney@sba.gov) at (304) 623-7449.



Updated ARC Loan Procedural Guide

SBA has updated (effective August 27, 2009) the America's Recovery Capital (ARC) Loan Program procedural guide. Some important changes include:

- Additional guidance on Qualifying Small Business Loans
- Credit cards
- Eligible Passive Companies/Operating Companies
- Collateral
- Credit criteria

To view these and other updates, visit:

http://www.sba.gov/aboutsba/sbaprograms/elending/RECOVERY_INFO_LENDERS.html

SBA Recovery Loans in West Virginia

- As of 10/19/09, SBA has approved 107 7(a) and 504 loans supporting \$21,761,900 in lending to West Virginia small businesses since the Recovery Act was signed into law.
- 54 small business borrowers have received an SBA Express loan totaling \$5,444,000.
- 23 borrowers have qualified for the American Capital Recovery (ARC) loans, totaling \$753,400.

7(A) AND 504 PROGRAM FEES - FY 2010

FEES continued from page 2

504 Loan Program

For 504 loans approved on or after October 1, 2009, the "Annual Fee" paid by borrowers on an ongoing basis to SBA will be increased from zero percent to 0.389 percent (38.9 basis points) of the outstanding balance of the 504 loan. The 504 Annual Fee is imposed under Section 503(b)(7) of the Small Business Act.

All other fees in the 504 loan program will be the same as for FY 2009, including the one-time guaranty fee that SBA is authorized to charge under Section 503(d)(1) of the Small Business Investment Act (which remains at zero). A description of these fees may be found in [SOP 50 10 5.](#)

Recovery Act Loans

Fees for 7(a) and 504 loans made under the American Recovery and Reinvestment Act will continue to follow the policies in the Federal Register Notices of June 8, 2009 (Business Loan Program Temporary Eliminations/Reductions in Fees, 74 FR 27196) (Business Loan Program Temporary Increased Guaranty Percentage, 74 FR 27199).