

# MONTANA DISTRICT OFFICE E-NEWS

October 2009

## DIRECTOR'S MESSAGE



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



Your Small Business Resource

The Montana District Office finished strong for FY09, considering it was a slow start in lending. As the Recovery Act article states, the American Recovery and Reinvestment Act made a big impact in Montana SBA lending. Loan figures for Fiscal Year 2009 (October 1, 2008 to September 30, 2009) showed SBA guaranteed **479** loans totaling **\$78,112,928**, compared to only 362 loans for \$82.3 million the previous year. Of these loans, **465** for **\$68,984,928** were made through SBA's **7(a)** Guaranty Loan program, which provides short or long term financing for small business start-up or expansion needs. **Fourteen** loans totaling **\$9,128,000** were made through SBA's **504** Certified Development Company program, which provides long term fixed rate financing for land, buildings and equipment.

**Restaurants, specialty trade contractors, site preparation contractors, dental offices and auto repair shops** were among the **most frequently** financed businesses during FY09. Of these **479** loans, **190** loans totaling **\$29,191,560** were made to **women** owned businesses, **55** loans totaling **\$4,935,800** were made to **veterans**, and **33** loans totaling **\$6,873,600** were made to **minority** business owners.

**I applaud and thank our lending partners for helping us reach out to small businesses across Montana!**

In this edition, you'll be introduced to SBA's Region VIII Regional Administrator **Dan Hannaher**, who hails from North Dakota as well as being invited to a great **lender training** event being held later this month at **Chico Hot Springs**. We also encourage you to look at the categories for SBA's **Small Business Week** awards and consider nominating a small business or small business advocate. And finally, after not having a Women's Business Center for the past two years, we welcome **Prospera Business Network** in Bozeman who has received the grant to establish a new **Women's Business Center**. We look forward to working with Prospera and reaching out to women across the state with training and counseling opportunities. Also **congratulations** to our new and graduated **8(a) firms** (see page 3).

I would also like to announce, **Crystal Baker** (formerly the Program Support Assistant) has accepted the position of **Business Development Specialist/Public Affairs Specialist**. We are excited for this transition and know that Crystal will continue to provide terrific service.



## RECOVERY ACT HAS MADE A BIG DIFFERENCE IN MONTANA SBA BUSINESS LENDING

Changes under the American Recovery and Reinvestment Act (ARRA) to our loan programs led to a rebound in SBA-backed loans.

The SBA received \$730 million in funding from the ARRA in order to provide temporary elimination of loan fees and temporarily raising SBA guarantees to 90 percent on some loan programs. The ARRA also provided new loan programs such as the America's Recovery Capital (ARC) Stabilization Loan and the Dealer Floor Plan (DFP) Pilot Program.

"Since the Recovery Act was signed, we have seen a great increase in SBA lending throughout the state and are thrilled," said Michelle Johnston, Montana district director.

Since March, average weekly loan volume in Montana increased by 79 percent in dollar

volume compared to January and February volumes (from just over \$1.0 million per week to nearly \$1.9 million per week) which is above the national average of 60 percent. The MDO has also seen a 59 percent increase of business loans post February 17 (date Recovery Act was signed), compared with the same time during the previous year. The total dollar amount of loans increased seven percent, compared with the same time period the previous year. Total SBA lending in Montana from February to September 30 was \$60.8 million. These numbers included 64 ARC loans, which provided small businesses suffering financial hardship temporary financial relief enabling them to keep their doors open, as well as one DFP loan (the second DFP in the country), which was awarded to Mission Valley Auto in Polson.

During FY 2009, October 1, 2008 to September 30, 2009, the Montana SBA was involved in 479 business loans totaling \$78.1 million. Fiscal 2009's loan volume was just five percent shy of FY 2008 dollar loan volume, which was quite a feat considering 78 percent of Montana's lending happened in the last seven and a half months.

"The SBA continues to take a prominent role in supporting Montana's small business community as small firms struggle to recover from these uncertain times. The SBA remains vigilant and will continue to support small businesses across the Big Sky Country," said Michelle Johnston.

**Keep up to date with all the American Recovery & Reinvestment Act changes by visiting [www.sba.gov/recovery](http://www.sba.gov/recovery).**

## A MESSAGE FROM MONTANA'S NEW REGIONAL ADMINISTRATOR, DAN HANNAHER



When I began my journey several months ago, hoping to become the SBA's Region VIII Administrator, I never imagined how exciting the ride would be and how many roads I would travel! I am thrilled to be a part of the U.S. Small Business Administration, an agency that is so vital to the economic well-being of our nation—especially during the national economic downturn. Having been a small business owner myself, you can be assured that I really do understand the challenges you face on a daily basis. The nearly 750,000 entrepreneurs that live and work in our six state region are the foundation of their communities. It is my personal mission that the SBA become an even stronger advocate for our small business community—both rural and urban, in big cities and small. In fact, the SBA's support allowed my business in Fargo, North Dakota to expand, thrive, and more recently—survive. I

operated a small office furniture business in Fargo. The last two years were a challenge, to say the least. Just knowing that there is an organization out there like the SBA to provide financial and business training support is important. I know that President Obama and Administrator Karen Mills have made small business growth a foundation of their economic recovery plan. I am grateful to them for this opportunity to serve, because this agency will play a critical role in implementing those policies.

Since my appointment was announced on August 12th, I have already met with many small business owners, lenders and elected officials to discuss how the SBA can better serve their communities and constituents. The good news is that this agency has a very good reputation in the business community. I realize that the SBA cannot stand on its laurels and must continue to effectively implement the

small business provisions of the American Recovery and Reinvestment Act. The ARRA gave this agency over \$730 million to help spur business activity and job creation across the nation, and we're seeing concrete results. With over 98 percent of all businesses in Region VIII being small businesses, the work that we do is vital to their success and survival. One of my first goals as regional administrator is to visit each district office and listen to the needs of our many constituents to learn what their goals and expectations are for the coming months and years. Running a small business has taught me that listening to your customers, and understanding their needs, is the only way to make them a customer for life. I am going to use this same philosophy as regional administrator.

**Get Registered!**  
**Lender's Conference**

**Pray, MT (Chico Hot Springs)**  
**October 28<sup>th</sup> & 29<sup>th</sup>**

## STATEWIDE LENDERS CONFERENCE, OCT. 28TH & 29TH @CHICO HOT SPRINGS

The SBA Lender's Conference is being held at Chico Hot Springs this year on October 28th & 29th.

Come get a refresher course on SBA lending, loan servicing and liquidation processes, as well as details on the new programs and changes

resulting from the Recovery Act. Registration is \$50 (or \$65 after 10/16), so please get registered ASAP. If you need the registration form please call the Helena Office at 406.441.1081.

Registration does not include lodging, please make your own room reservations by calling Chico at 406.333.4933 and ask for the SBA block.

**Small Business Week Award Categories**

- Small Person of the Year**
- Small Business Exporter**
- Young Entrepreneur**
- Family-Owned Small Business**
- Entrepreneurial Success**
- Financial Services Champion**
- Home-based Business Champion**
- Minority Small Business Champion**
- Community/Rural Lender**
- Veteran Small Business Champion**
- Women in Business Champion**

## SBA SEEKING NOMINATIONS FOR STATE'S TOP SMALL BUSINESS OWNERS AND ADVOCATES

The SBA Montana District Office is actively seeking nomination for the 2010 Small Business Week Awards to be announced in May 2010. Nominations are being accepted for outstanding small business owners and advocated in a variety of categories ranging from the Montana Small Business Person of the Year to the Financial Services Advocate of the Year. This year the Montana District Office has introduced a new category, the Community/Rural Lender of the Year. This award will recognize lenders that have exhib-

ited an ongoing commitment to supporting the growth and expansion of small businesses. For a complete list of award categories and nomination guidelines log onto <http://www.sba.gov/localresources/district/mt/news/index.html>.

Any individual or organization such as professional and trade associations, business organizations, chambers of commerce, banks or employees of a small business, can submit nominations. Nominations will be evaluated on the basis of staying power, growth in number of employees, financial

growth, innovation of product or service, response to adversity, small business advocacy, and community involvement.

All nominations must be mailed or delivered to the Montana SBA District Office, 10 W. 15th Street, Suite 100, Helena, MT 59626, no later than November 13, 2009. For additional information on the Small Business Week Awards program, or to request nomination forms, please contact SBA's Crystal Baker at 406.441.1089.

## MONTANA WELCOMES NEW WOMEN'S BUSINESS CENTER

Prospera Business Network in Bozeman was awarded a \$750,000 grant to establish the Montana Women's Business Center. The funding, which comes from the SBA, is provided to economic development organizations who directly assist women in business.

The Montana Women's Business Center will be part of a network of more than 75 centers nationwide providing management and technical assistance, comprehensive training and counseling on a vast array of topics to women entrepreneurs. For more information about Prospera Business Network's new Women's

Business Center, contact: Peter Bertelsen at 406-587-3113.

**Women's Business Center  
Prospera Business Network  
222 E. Main St, Ste 102  
Bozeman, MT 59715  
406.587.3113  
www.bozeman.org**

## FIVE FACTS ABOUT THE HOME OFFICE DEDUCTION

With technology making it easier than ever for people to operate a business out of their house, many taxpayers, entrepreneurs and small business people may be able to take a home office deduction when filing their 2009 federal tax return next year.

Here are five important things the IRS wants you to know about claiming a home office deduction.

1. Generally, in order to claim a business deduction for your home, you must use part of your home exclusively and regularly: (as your principal place of business, or as a place to meet or deal with patients, clients or customers in the normal course of your busi-

ness, or in the case of a separate structure which is not attached to your home, it must be used in connection with your trade or business.

2. Generally, the amount you can deduct depends on the percentage of your home that you used for business. Your deduction for certain expenses will be limited if your gross income from your business is less than your total business expenses.
3. There are special rules for qualified daycare providers and for persons storing business inventory or product samples.
4. If you are self-employed, use Form 8829, Expenses for Business Use of Your Home to figure

your home office deduction. Report the deduction on line 30 of Schedule C, Form 1040.

5. Different rules apply to claiming the home office deduction if you are an employee. For example, the regular and exclusive business use must be for the convenience of your employer.

For more information see IRS Publication 587, Business Use of Your Home, available on IRS.gov or by calling 800-TAX-FORM (800-829-3676).

To get the most timely IRS information, news and products and services, subscribe to e-News on IRS.gov .

### Events/Training Opportunities

- 10/21- Intermediate QuickBooks (Helena)
- 10/22- Small Business Expo (Bozeman)
- 11/10/2009- Strategic Insights Conference (Bozeman)
- 11/03-04- Small Business Expo (Billings)
- 11/18- Intermediate QuickBooks 2 (Helena)
- 12/9- QuickBooks Payroll (Helena)

Find more information and more training opportunities at our [Events Calendar](#) at [www.sba.gov/mt](http://www.sba.gov/mt).

## CONTRACTOR'S CORNER

### CONGRATULATIONS!

The Montana District Office would like to congratulate the following firms for completing and graduating from the SBA's 8(a) Business Development Program in 2009:

- TDT Construction
- Hardrives Construction
- Kirkness Roofing
- The Jones Group

We also would like to welcome the following firms that have been accepted into the 8(a) Program:

- Double Stud Construction Inc.
- Peak to Plains Design, P.C.
- Geranio's Enterprises, Inc.

In FY09, 41 contracts were given to 8(a) firms for a total of \$165.5 million.

### RECOVERY ACT CONTRACTING DOLLARS

Based on the article [Agencies surpass Recovery Act small business contracting goals](#) by Robert Brodsky more than \$1 out of every \$4 spent on federal Recovery Act contracts has gone to small businesses.

As of Oct. 2, nearly 26 percent of all federal stimulus contracting dollars—or more than \$4 billion—was awarded to small businesses, said Joe Jordan, associate administrator for government contracting business development at the Small Business Administration, in testimony before the Small Business and Entrepreneurship Committee.

The Recovery Act does not set a specific goal for small business contracting, but in most cases, agencies have been instructed to follow the government's annual goal of awarding 23 percent of all prime contract dollars to small firms. That means about \$13 billion of the roughly \$60 billion in stimulus funds expect to be awarded through federal contracts should go to small businesses, Jordan said.

The Recovery Act spending totals for the various socioeconomic and disad-

vantaged categories also have been encouraging, Jordan testified. For example, small disadvantaged businesses have received 11 percent of stimulus contracts, exceeding the goal of 5 percent, he said. Meanwhile, firms owned by service-disabled veteran-owned firms and those operating in historically underutilized business zones have received four percent and seven percent of Recovery contracting dollars, respectively. The goal for both categories is three percent. The only subcategory in which agencies have failed to meet the overall goal is women-owned small businesses, which have received four percent of all Recovery contracts opposed to the goal of five percent, Jordan said. To increase that figure, SBA developed its first online training module specifically geared toward women in contracting. The course is available at: [www.sba.gov/womenscontracting.gov](http://www.sba.gov/womenscontracting.gov). For the full article go to [www.nextgov.com](http://www.nextgov.com).

## MONTANA SBA LOAN ACTIVITY FY2009 (10/01-09/30) RANKED BY NUMBER OF SBA LOAN APPROVALS

Lender Name	#	\$
FLATHEAD BANK OF BIGFORK	49	\$5,308,500
STOCKMAN BANK OF MONTANA	45	\$5,554,068
YELLOWSTONE BANK	44	\$6,331,000
FIRST INTERSTATE BANK	38	\$4,314,900
VALLEY BANK OF HELENA	29	\$2,849,200
FARMERS STATE BANK	25	\$3,478,460
WELLS FARGO BANK, NATIONAL ASSOCIATION	21	\$5,684,400
WESTERN SECURITY BANK	21	\$2,280,400
INDEPENDENCE BANK	19	\$1,989,700
GLACIER BANK	18	\$1,131,500
MOUNTAIN WEST BANK, NATIONAL ASSOCIATION	14	\$2,935,200
TREASURE STATE BANK	13	\$3,420,000
FIRST SECURITY BANK OF HELENA	12	\$1,616,500
ROCKY MOUNTAIN BANK	12	\$2,179,900
U.S. BANK NATIONAL ASSOCIATION	10	\$1,448,500
THREE RIVERS BANK OF MONTANA	9	\$1,491,500
BANK OF BRIDGER, NATIONAL ASSOCIATION	8	\$1,558,000
BIG SKY ECONOMIC DEVELOPMENT CORPORATION	7	\$3,999,000
FIRST NATIONAL BANK OF MONTANA, INC.	7	\$577,000
SUPERIOR FINANCIAL GROUP, LLC	7	\$57,500
MONTANA COMMUNITY FINANCE CORPORATION	6	\$3,129,000
MISSOULA FCU	5	\$1,139,000
BITTERROOT VALLEY BANK	4	\$826,600
BORREGO SPRINGS BANK, N.A.	4	\$85,000
COMMUNITY BANK, INC.	4	\$330,200
BANCO POPULAR NORTH AMERICA	3	\$1,908,700
BIG SKY WESTERN BANK	3	\$115,700
RUBY VALLEY NATIONAL BANK	3	\$596,900
WEST ONE BANK	3	\$105,000
BANK OF MONTANA	2	\$300,000
BANK OF THE ROCKIES, NATIONAL ASSOCIATION	2	\$192,500
FIRST COMMUNITY BANK	2	\$450,000
FIRST NATIONAL BANK OF FAIRFIELD	2	\$222,000
FLINT CREEK VALLEY BANK	2	\$332,700
FREEDOM BANK	2	\$605,000
PANHANDLE STATE BANK	2	\$195,000
THE HUNTINGTON NATIONAL BANK	2	\$1,517,500
1ST BANK	1	\$75,000
AMERICAN STATE BANK & TRUST COMPANY OF WILLISTON	1	\$700,000
CITIZENS BANK & TRUST COMPANY	1	\$35,000
CLARE BANK, NATIONAL ASSOCIATION	1	\$715,000
COMMUNITY BANK-MISSOULA, INC.	1	\$68,500
EAGLE BANK	1	\$1,300,000
FIRST CITIZENS BANK OF BUTTE	1	\$426,000
FIRST SECURITY BANK	1	\$115,500
FIRST SECURITY BANK OF MISSOULA	1	\$200,000
GRANITE MOUNTAIN BANK	1	\$304,900
HIGH PLAINS FINANCIAL, INC.	1	\$2,000,000
LITTLE HORN STATE BANK	1	\$15,000
LIVE OAK BANKING COMPANY	1	\$400,000
PRAIRIE MOUNTAIN BANK	1	\$35,000
RICHLAND FCU	1	\$35,000
STERLING SAVINGS BANK	1	\$390,000
THE ADAMS NATIONAL BANK	1	\$750,000
THE STATE BANK OF TOWNSEND	1	\$49,800
UNITED BANK, NATIONAL ASSOCIATION	1	\$135,000
VALLEY BANK OF GLASGOW	1	\$107,200
Total	479	\$78,112,928