

U.S. Small Business Administration
Hawaii District Office

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In this issue:

Removal of Section 7(a) Cap	1
Verification of Status for Alien Owners	2
Initial & Final Disbursement Deadlines	3
SBAExpress-Modified Collateral Requirements	3
Assumption Fee & Eligibility Provisions for 7(a) Loans	3
Updated IRS Contact Information	3
SBA Expands Opportunities for Small Business through Credit Unions	4
SBA Launches Workforce Transformation	4
Hawaii District Office's Newest Team Member	4
Electronic Mailing of Newsletter	5
Upcoming Events	5
Hawaii District Office Loan Activity	6
Loan Officer of the Year Awards Program	7

For More Information

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk.
- SBA Answer Desk:
1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness:
1-800-REG-FAIR
- SBA Home Page: www.sba.gov

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.

REMOVAL OF CAP ON SECTION 7(A) GUARANTEED LOANS AND A REMINDER ON AMENDED GUARANTY AND ONGOING FEES

Effective February 25, 2003, SBA has lifted the cap on the maximum size of section 7(a) guaranteed loans. Lenders can submit applications up to the \$2 million statutory maximum. The fiscal year 2003 budget will allow the Agency to approve more than \$9.4 billion in 7(a) loans during the current fiscal year.

As a reminder, SBA has reduced up front guaranty fees and ongoing fees beginning October 1, 2002.

The following fee structure applies to section 7(a) guaranteed loans approved on or after October 1, 2002, through September 30, 2004, with a maturity exceeding 12 months (there is no change to the fees for loans with a maturity of 12 months or less):

1. A guaranty fee equal to 1 percent of the SBA guaranteed portion of a total loan amount that is not more than \$150,000.*
2. A guaranty fee equal to 2.5 percent of the SBA guaranteed portion of a total loan amount this is more than \$150,000, but not more than \$700,000.
3. A guaranty fee equal to 3.5 percent of the SBA guaranteed portion of a total amount that is more than \$700,000. There is no change in fees at this amount.

***Lenders may retain not more than 25% of a fee collected under this paragraph.**

The ongoing servicing fee of 0.50 percent (50 basis points) of the outstanding balance of the SBA guaranteed portion of the loan has also been reduced to 0.25 percent (25 basis points) for all loans approved on or after October 1, 2002 through September 20, 2004. This fee is payable by the participating lender and cannot be passed through the borrower.

All 7(a) loans approved during this period will receive the benefits of the reduced fees over the entire term of the loan. Loans that are subsequently increased will be subject to the fee structure that was in effect at the time the loan was originally approved.

For additional information or assistance, please contact Kimberly Hite at (808) 541-3024, Lyn Womack at (808) 541-2948 or Jerry M. Hirata at (808) 541-2969.

VERIFICATION OF STATUS FOR ALIEN OWNERS

On March 1, Immigration and Naturalization Service Transitioned into Department of Homeland Security.

SBA's requirements for verification of alien status are located in SOP 50-10 (4) Revision E—page 70-2.

INS (Bureau of Citizenship and Immigration Services) releases information about the status of an alien to lenders or other non-governmental entities only when a signed and dated authorization from the alien is attached to and submitted with the G-845 on that alien. INS (Bureau of Citizenship and Immigration Services) requires that the authorizations provide the person's name, address and date of birth.

Effective 2/11/03, Bureau of Citizenship and Immigration Services is accepting authorization statements in the following format:

"I authorize the Bureau of Citizenship and Immigration Services to release information regarding my immigration status to (name of lender/CDC), because I am applying for a U.S. Small Business Administration loan."

"I authorize the Bureau of Citizenship and Immigration Services to release alien verification information about me to (name of lender /CDC), because I am applying for a U.S. Small Business Administration loan."

The Form G-845 "Document Verification Request" can be procured at:
www.immigration.gov/graphics/formsfee/forms/files/g-845.pdf

The verification of alien status must be completed prior to submission of the application package to SBA for approval. *SBAExpress* is the only exception to this requirement. For loans submitted under *SBAExpress*, verification of alien status must be completed prior to making any disbursements.

Please be advised that a "wet" signature is required on all Freedom of Information Act requests. Therefore, the Form G845 and the authorization statement to release the status information to the Lender or CDC should never be faxed.

Please call Kimberly Hite at (808) 541-3024 or Jerry M. Hirata (808) 541-2969 for additional information.



Local Address:

**Department of Homeland Security-Bureau of Citizenship
and Immigration Service**
Honolulu District Office
595 Ala Moana Boulevard
Honolulu, HI 96813

Websites: www.immigration.gov
www.dhs.gov

IMPORTANT--INITIAL AND FINAL DISBURSEMENT DEADLINES

It has been the Hawaii District Office's practice to send reminder letters notifying lenders of upcoming disbursement deadlines. Effective January 1, 2003, reminder letters will no longer be sent. Lenders are reminded that it is their responsibility to track disbursement deadlines and to request extensions of the disbursement deadlines when necessary. SBA Form 159, Compensation Agreement, is still required and must be submitted to SBA upon final disbursement.

Contact Ann Murata at 541-2992 or Sheila Taeza at 541-2989 for more information.

SBAEXPRESS—MODIFIED COLLATERAL REQUIREMENTS

SBA is continuing to evaluate and revise the SBAExpress pilot concept in an ongoing effort to streamline the program. Effective 2/5/03, for SBAExpress loan over \$150,000, lenders must follow the collateral practices used for their non-SBA guaranteed loans, so long as those practices are commercially reasonable and prudent.

Please call Kimberly Hite at (808) 541-3024 or Jerry M. Hirata (808) 541-2969 for additional information.

ASSUMPTION FEE AND ELIGIBILITY PROVISIONS FOR 7(A) LOANS

A new policy for the 7(a) guaranty loan program that allows a participant lender to charge an assumption fee is now in effect. In the case of an assumption, SBA does not require a new guaranty fee and lien positions are often maintained eliminating the need for recording fees.

SOP 50 50 Chapter 3 paragraph 8- Assumption Fee has been revised as follows:

“In the case where a new borrower is assuming an existing SBA 7(a) guaranteed loan, the lender may charge an assumption fee consistent with the lender's assumption fee on its non-SBA guaranteed loans but must not exceed 1 percent of the total outstanding principal balance of the loan assumed. This fee may be paid by the seller or the assumptor.”

A business assuming a guaranteed loan that is not in a workout status must meet the eligibility criteria for new 7(a) loans (e.g. character, nature of business, size, etc.). Business assuming loans that are in workout status do not have to meet the eligibility criteria.

There are no changes to the assumption polices for Section 504 loans.

Please direct questions to Katherine Kruse (808) 541-2979.

UPDATED INTERNAL REVENUE SERVICE (IRS) CONTACT INFORMATION

Effective March 26, 2003, please forward IRS tax verification to the following IRS Service Center:

Fresno	5045 E. Butler Stop 38101 Fresno, CA 93888
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Linda Wade Alicia Bradshaw	559-443-7867 559-443-7866	559-443-7753 559-443-7596
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SBA EXPANDS OPPORTUNITIES FOR SMALL BUSINESS THROUGH CREDIT UNIONS

Effective February 14, 2003, credit unions can participate in the 7(a) guaranteed loan program. Eligible credit unions include those that are community based or employment based and National Credit Union Administration (NCUA) regulated. Qualified credit unions must be able to credit underwrite, service and liquidate commercial loans.

As part of President Bush's overall management agenda, agencies across the federal government have been tasked with finding ways to better manage for results. Expanding SBA's business loan program to include credit unions will help transform the agency into a more responsive, customer-centric organization.

For additional information, please contact Kimberly Hite at 541-3024 or Jerry M. Hirata at 541-2969.

SBA LAUNCHES WORKFORCE TRANSFORMATION

SBA has begun a five-year transformation and restructuring plan by initiating pilot programs in the Arizona, North Carolina and South Florida district offices. The Santa Ana Liquidation Center and the Sacramento PLP Loan Processing Center also are participating in the pilot.

Centralization is the key first step. As of March 10, 2003, all 504 loans have been removed from the above pilot district offices for centralized processing at the Sacramento PLP Loan Processing Center. Additionally, all new 7(a) guaranty purchase and liquidation requests from the pilot offices will be handled at the Santa Ana Liquidation Center.

Effective March 31, the pilot district offices will no longer perform 8(a) annual reviews. This function will be conducted by the Dallas District Office.

The SBA Workforce Transformation is designed to allow district offices to become more customer service oriented and more focused on outreach efforts by consolidated work into the centers.

HAWAII DISTRICT OFFICE'S NEWEST TEAM MEMBER



Lyn Womack joined the staff of SBA's Hawaii District Office in February 2003 as an Economic Development Specialist. Lyn transferred to the Hawaii from SBA's Investment Division in Washington, DC where she served as a Financial Analyst in the Small Business Investment Company (SBIC) Program. The SBIC Program is SBA's venture capital program.

Prior to joining SBA, she was a Trading Operations Assistant in the Corporate Finance division of Freddie Mac in McLean, Virginia. She began her career as an International Affairs Specialist with the U.S. Department of Agriculture's Foreign Agricultural Service in Washington, DC where she served from 1992 to 1998.

In the Hawaii District Office, Lyn will assist with marketing and outreach efforts and will process loans made through SBA's loan guaranty programs.

Originally from New Rochelle, New York, Lyn graduated magna cum laude and received a BA in International Studies from The American University in Washington, DC. She later earned an MBA from George Mason University in Fairfax, Virginia. Lyn and her husband Jay moved to Oahu after living more than 13 years in the Washington, DC area.

ELECTRONIC MAILING OF NEWSLETTERS

The District Office is distributing the Lender's Quarterly 100% "paperless" beginning with this issue. Please let other readers know of our "paperless efforts" and, should they desire to be on our electronic mailing list, please have them complete the following:

Name:
Bank and Branch:
Street Address:
E-mail Address:
Telephone Number:
Fax Number:

Please E-mail the above information to: kimberly.hite@sba.gov
jerry.hirata@sba.gov
lyn.womack@sba.gov
arlene.orsino@sba.gov

UPCOMING EVENTS

OAHU

April 16, 2003

ON THE ROAD TO EXPORT SUCCESS
Contact: Mary Dale, SBA, 541-2983

April 23, 2003

FINANCING ALTERNATIVES MADE EASY
Contact: Dave Brown, SBA, 541-2986

May 1, 2003

EMPLOYMENT STRATEGIES FOR SMALL BUSINESS OWNERS
Contact: Olive Tuiolomotu, HWBC, 522-8136

May 7, 2003

WHERE'S UNCLE SAM'S MONEY? GOVERNMENT CONTRACTING
Contact: Anne Nakanishi, SBDC, 522-8131

May 14, 2003

8(a) APPLICATION WORKSHOP
Contact: Joyce Tamayose, SBA, 541-2966

May 21, 2003

REMEMBER WHEN YOU THOUGHT YOU WERE INVINCIBLE?
Contact: Mary Dale, SBA, 541-2983

May 22, 2003

SMALL BUSINESS RESOURCES FOR VETERANS
Contact: Anne Nakanishi, SBDC, 522-8131

June 25, 2003

KEEPING YOUR COMPETITIVE EDGE: CONTRACTING FOR WOMEN-OWNED BUSINESSES
Contact: Olive Tuiolomotu, HWBC, 522-8136

BIG ISLAND-Kona

April 30, 2003

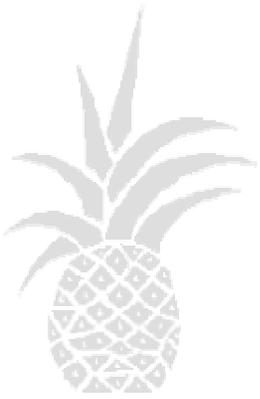
THE BUSINESS OF ART
Contact: Linda Tinay, SBDC, 327-3686

May 14, 2003

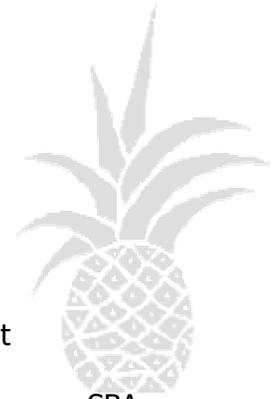
DEVELOPING & IMPLEMENTING A SAFETY & HEALTH PROGRAM THAT WORKS
Contact: Linda Tinay, SBDC, 327-3686

May 15, 2003

NxLEVEL FOR ENTREPRENEURS
Contact: Linda Tinay, SBDC, 327-3686



SBA Hawaii District Office
Loan Activity, FY 2003
 Six Months Ended 3/31/03



Bank	No. of Loans	Loan Amount (000's) Gross	SBA
First Hawaiian Bank/Bank of the West	23	1978.5	1369.8
American Savings Bank	13	1435.0	1138.7
Citizens Security Bank	8	863.3	653.7
City Bank	8	1398.1	1108.5
Hawaii National Bank	7	749.0	556.6
Bank of Hawaii	6	742.0	438.2
Central Pacific Bank	3	412.0	332.1
Innovative Bank	3	16.0	13.5
Bank of Guam	1	50.0	42.5
BankPacific, Ltd.	1	50.0	42.5
Business Loan Center Inc	1	675.0	506.2
Total 7(a) Loans	74	8368.9	6202.3
HEDCO 504 Loans	21	10546.0	10546.0
MicroLoans	3	12.5	12.5
Grand Total	98	18927.4	16760.8

NUMBER OF LOANS BY COUNTY & GUAM

	Oahu	Hawaii	Maui	Kauai	Guam	Total
First Hawaiian Bank/Bank of the West	13	6	1	2	1	23
American Savings Bank	13					13
Citizens Security Bank					8	8
City Bank	4	1	3			8
Hawaii National Bank	6	1				7
Bank of Hawaii		2	3	1		6
Central Pacific Bank	3					3
Innovative Bank	2			1		3
Bank of Guam					1	1
BankPacific, Ltd.					1	1
Business Loan Center Inc	1					1
Total 7(a) Loans	42	10	7	4	11	74
Total 504 Loans	16	1	2	1	1	21
MicroLoans	3					3
Grand Total	61	11	9	5	12	98

LENDING OFFICER OF THE YEAR AWARDS PROGRAM

<u>Lending Officer</u>	<u>Bank</u>	<u>Branch</u>	<u># Loans</u>	<u>Pts. = # Loans X 2</u>	<u>Bonus Points</u>	<u>Total = Pts. + Bonus Pts.</u>
<i>Oahu</i>						
Nakagawa, Raymond	ASB	Main	8	16	3	19
Dickinson, John	ASB	Main	5	10	1	11
McLean, Ann	FHB	Kailua	3	6	2	8
Sokolowski, Greg	CB	Main	2	4	1	5
Ventura, Jeff	FHB	Ward	2	4	1	5
Comes, Steven	FHB	Makiki	1	2	2	4
Kihe, Demaney	HNB	Airport	2	4		4
Reyes, Melvic	HNB	Makiki	2	4		4
Ledingham, Gordon	BLC	Main	1	2	1	3
Kam, Katherine	FHB	Pearlridge	1	2	1	3
Kurosawa, Scott	CPB	Pearlridge	1	2	1	3
Camacho, Martha	FHB	Kaimuki	1	2		2
Crisostomo, Mario	HNB	Pearl City	1	2		2
Grace, Garrett	CPB	Main	1	2		2
Ing, Josie	FHB	Hickam	1	2		2
Leung, Paul	HNB	Main	1	2		2
Lu, Randy	CB	Main	1	2		2
Maglaya, Susan	CB	Main	1	2		2
McKillop, Bill	CB	Main	1	2		2
Mendonsa, Gareth	FHB	Moanalua	1	2		2
Pak, Chong	CPB	Mapunapuna	1	2		2
<i>Kauai</i>						
Murata, Jeff	FHB	Lihue	1	2	1	3
Mayfield, James	BOH	Lihue	1	2		2
Vidinha, Joyce	FHB	Lihue	1	2		2
<i>Maui</i>						
Yoshida, Kevin	CB	Kahului	3	6		6
Feliciano, Lolita	BOH	Kahului	1	2	1	3
Peterson, Bard	FHB	Kahului	1	2	1	3
Lum, David	BOH	Lahaina	1	2		2
Santander, Alvin	BOH	Wailuku	1	2		2
<i>East Hawaii</i>						
Honma, Dave	FHB	Hilo	2	4		4
Kouchi, Don	FHB	Hilo	1	2	1	3
Grugier, Elina	FHB	Hilo	1	2		2
Ideue, Keith	HNB	Hilo	1	2		2
Kang, Calvin	BOH	Waiakea	1	2		2
<i>West Hawaii</i>						
Imada, Clyde	FHB	Waikoloa	2	2		2
Dermengian, Christie	BOH	Kailua-Kona	1	2		2
Morimoto, Reggie	FHB	Kailua-Kona	1	2		2

Six Months Ended 3/31/03

