

Michigan District Office

SBA



Annual Report
FY2001

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How to Contact Us & Our Partners

SBA - Michigan District <http://www.sba.gov/mi>
 Detroit (313) 226-6075
(see page 15 for additional numbers)

Business Information Centers

Detroit (313) 965-1100
 Flint (810) 767-6431
 Grand Rapids (616) 771-6880

Michigan Small Business Development Centers

..... <http://www.mi-sbdc.org>
 Alpena (989) 358-7383
 Detroit (313) 989-0020
 Escanaba (906) 786-9234
 Flint (810) 239-5847
 Grand Rapids (616) 336-7310
 Kalamazoo (616) 337-7350
 Lansing (517) 483-1921
 Mt. Clemens (810) 469-5118
 Mt. Pleasant (517) 773-6622 x230
 Saginaw (517) 754-8222
 Traverse City (231) 947-5075
 Ypsilanti (734) 547-9170

Michigan Technical Assistance Centers

..... <http://www.michigantac.org>
 Lansing (517) 335-2150

Microlenders

Ann Arbor (734) 677-1400
 Flint (810) 239-5847

Grand Rapids (616) 771-6880
 Marquette (906) 228-5571
 Traverse City (231) 941-5858
 Saginaw (517) 759-1395

Service Corps of Retired Executives (SCORE)

..... <http://www.scoremichigan.org>
 Ann Arbor (734) 665-4433
 Cadillac (231) 775-9776
 Detroit (313) 226-7947
 Grand Rapids (616) 771-0305
 Kalamazoo (616) 381-5382
 Muskegon (231) 722-3751
 Petoskey (231) 347-4150
 Sault Ste. Marie (906) 632-3301
 Traverse City (231) 947-5075

U.S. Export Assistance Centers

..... <http://www.exportmichigan.org>
 Ann Arbor (734) 741-2430
 Detroit (313) 226-3650
 Grand Rapids (616) 458-3564
 Pontiac (248) 975-9600

Women Business Centers

..... <http://www.onlinewbc.gov>
 Ann Arbor (734) 677-1400
 Detroit (313) 961-8426
 Grand Rapids (616) 458-3404
 Traverse City (231) 929-5000
 Flint (810) 239-9250

Message from the Director



Dear Small Business Supporter,

As you read this Annual Report, you cannot help but notice the vast number of organizations we worked with in FY 2001. I want to take this opportunity to thank all of them for helping us make such a substantial contribution to the success of Michigan's small business community.

As Michigan recovers from the current recession and the events of September 11th, I am confident that with the help of our partners, SBA will have an even greater impact on our economy in FY 2002.

While our overall lending activity declined by 21% last year, I am encouraged by the fact that 32 banks which did not participate in FY 2000, made at least one loan in FY 2001. We hope to build upon that record and encourage lenders whose participation declined last year to return to their prior levels of activity.

I want to express a special thanks to National City, which not only increased its lending by 40% last year, to lead Michigan banks in loan approvals, but also was the primary force behind the innovative Small Business Tours in Detroit, Hamtramck, Highland Park, Grand Rapids, Kentwood and Wyoming. These tours, which included representatives from National City, SBA, SCORE, SBDC and local groups, brought teams of advisors directly to the small business customer on an

appointment basis. The program was very well received and we are planning more tours in FY 2002.

I also want to commend Grand Valley State University for the stellar job it has done during its first year as state host for the Michigan Small Business Development Center. The hope I expressed in last year's report that GVSU would "lead the SBDC to even greater heights" has been more than realized. In just one year, the number of SBDC clients increased by 12% and counseling hours increased by 10%. The leadership of GVSU and the commitment by all of the partners in the SBDC program has resulted in a seamless transition. I am truly excited about what is planned for the months and years ahead.

Since I was detailed to Illinois for four months this summer, I want to thank my Deputy District Director, Richard Temkin, for his extra efforts in managing the Michigan Office in my absence. It is a challenge running a district the size of Michigan with two people at the helm. With only one, it's especially difficult.

In closing, I want to welcome Kent Area MicroBusiness Loan Service and Resource Capital, a new certified development company, to Michigan. I am confident that they will help many small businesses, like the ones listed below, grow into successful icons of their community.

Sincerely,
Eugene Cornelius, Jr.

These companies received SBA financial assistance during the years indicated.

Adray Appliance & Photo Center ♦ Dearborn 1959-62
Barfield Manufacturing Company ♦ Ypsilanti 1980
Cars and Concepts (bought by Masco Tech) ♦ Brighton 1976
Crystal Mountain Resort ♦ Thompsonville 1976
DLP Inc. (bought by Medtronic) ♦ Grand Rapids 1983-1984
Don Thomas Sporthaus ♦ Bloomfield Township 1964-1980
Durakon ♦ Lapeer 1980
Englehart, Inc. ♦ Muskegon 1992-1993
Four Winns (bought by Outboard Marine) ♦ Cadillac 1977-78
Golden Mushroom ♦ Southfield 1973
Heritage Chrysler ♦ Mt. Pleasant 1981-1984
Heslops ♦ Novi 1984
Hot Sam's ♦ Detroit 1994

Ironwood Plastics, Inc. ♦ Ironwood 1979
La Señorita Restaurants ♦ Traverse City 1981-1989
Mel Farr Ford ♦ Oak Park 1980
Merillat Industries (bought by Masco) ♦ Adrian 1958
Oink Oink, Inc. ♦ Detroit 1994
Poof Products Inc. ♦ Plymouth 1994
Richfield Iron Works ♦ Flint 1980-1981
St. Julian Wine Company ♦ Paw Paw 1983
Saturn Electronics & Engineering ♦ Auburn Hills 1986
Spartan Motors ♦ Charlotte 1976
Trendway Corporation ♦ Holland 1968-1976
Triple S Plastics ♦ Vicksburg 1980
Weber's Inn ♦ Ann Arbor 1961

Michigan District Office Services

GENERAL INFORMATION

SBA's Michigan Small Business Sourcebook: provides specific information on all of SBA's programs and services, including every location for all of our resource partners. It is available by calling (313) 226-6075 or emailing: michigan@sba.gov.

Video: Last year, the District Office produced a 15-minute video entitled "Today's SBA: America's Small Business Resource." This video is available for "rent;" please call (313) 226-6075 x222 for details.

TRAINING

Lender Training: SBA offers training for lenders on SBA programs and services at various locations across the state. Call (313) 226-6075 x222 for information. Specialized training is also available on the Export Working Capital Program and International Trade Loan Program. Please call (313) 226-3670 for information.

Small Business Loan Workshop: This loan information seminar is held quarterly in Detroit and periodically in other cities across the state. Topics include elements of a winning loan proposal, lending from a banker's perspective, and SBA's loan programs. Call (313) 226-6075 x221 for more information.

8(a) and SDB Orientation: The 8(a)/SDB orientations are held the 1st Thursday of each month at the One Stop Capital Shop of Detroit. Individuals are provided with an overview of the program and an application packet. Please call (313) 226-6075 x253 for more information.

Online Classroom: Through public-private partnerships, SBA offers a variety of online courses through its Web site <http://www.sba.gov/classroom>. Topics include business plans, financing issues, government contracting, and e-commerce.

SPEAKERS

SBA staff are available to speak to your organization on a variety of topics relating to small business. Call (313) 226-6075 x222 for information.

NEWSLETTERS

SBA Quarterly: This newsletter informs all small business service providers of up-to-date information on SBA, including events, seminars, resources, and program updates.

Bank Notes: This newsletter keeps lenders apprised of upcoming events and new policies and regulations regarding SBA's loan programs.

8(a) Newsletter: This publication informs 8(a) contractors of news, program policies and regulations regarding SBA's 8(a) program.

DISPLAYS

SBA is available to exhibit at trade shows, business expos, or any other function. Please call (313) 226-6075 x222 for more information.

INTERNET

SBA Web Page: The SBA has an excellent Web site which includes detailed information on our programs and services, links to other small business resources, and a variety of links to shareware items. SBA's home page is: <http://www.sba.gov>.

U.S. Business Advisor: This home page is the One-Stop Electronic link to government for business owners. It provides links for all information and services the federal government offers to help businesses grow and prosper. The U.S. Business Advisor may be accessed at: <http://www.business.gov>.

Online Women's Business Center: An excellent site for all entrepreneurs with practical advice, tips and general information on a variety of topics including, marketing, management, finance, and technology. Visit it at <http://www.onlinewbc.gov>.

Michigan Small Business Development Centers: small business owners will want to bookmark this resource which offers a readiness assessment, business tools, calendar of events, on-line counseling and more. Visit <http://www.mi-sbdc.org>.

SCORE: The National SCORE organization provides information and email counseling at <http://www.score.org>. The Michigan chapters host a Web page at <http://www.scoremichigan.org>.

BusinessLaw.gov: this new resource provided by SBA offers state-by-state links to helpful information on how to incorporate, pay taxes, hire and fire employees, and other legal questions. Visit: <http://www.businesslaw.gov>.

Recognition & Awards

Small Business Week Awards

Small Business Week is a time to celebrate the contribution small business owners make to our economic well-being and overall quality of life. Small businesses (firms with fewer than 500 employees) employ 53% of the private nonfarm work force, contribute 47% of all sales in the country, and are responsible for 51% of the private gross domestic product.

In 2001, National Small Business Week was May 6-12. At an event in Washington, D.C., Michigan's Entrepreneurial Success award winner, Ric Gonzalez, was honored with the national award in that category. This was the fourth consecutive year that a Michigan award winner has received national recognition!

During an awards dinner in Lansing, the Michigan District Office presented its Michigan Small Business Person of the Year award, advocacy awards, and other special awards:

Small Business Person of the Year - Dr. Anita Covert

Country Stitches, East Lansing

National Entrepreneurial Success, Ric Gonzalez Gonzalez Design Group, Madison Heights

Regional Minority Business Advocate - Stephen Larson

Ford Motor Company, Dearborn

Women In Business Advocate - Vanessa Rush Detroit Entrepreneurship Institute, Detroit

Small Business Journalist - John Manor Michigan Chronicle, Detroit

Financial Services Advocate - Brad Dyksterhouse Irwin State Bank, Traverse City

Accountant Advocate - Len Pytlak Len Pytlak CPA, Ann Arbor

Minority Small Business Award

During National Minority Enterprise Development Week, SBA recognizes the Minority Small Business of the year. This year's recipient of the Michigan award was Johnson Akinwusi of JOA Construction, Detroit.

Lender Awards

Each year we recognize lenders based on their performance in the SBA loan guaranty program in Michigan. In FY 2001 we paid tribute to:

Lender of the Year Old Kent Bank

New Markets Lender of the Year Bank One

Most Active Lender of the Year Old Kent Bank

504 Lender of the Year Old Kent Bank

Business Development Lender of the Year Business Loan Express

Community Lender of the Year Citizens Bank

Tibbetts Award

SBA also recognizes outstanding individuals or companies involved with the agency's technology-based Small Business Innovation Research (SBIR) program by presenting the National Tibbetts Award. This year, L.VAD Technology, Inc. of Detroit received this honor.

Michigan Small Business Success

Each year, we also recognize successful Michigan small businesses that have received SBA assistance. Each one tells a different story, but all demonstrate the success a small business can achieve with SBA's help. In FY 2001, the Michigan District Office recognized:

Ash Stevens - Detroit

Backdoor Friends Cat Shoppe - Farmington Hills

Crystal Mountain Resort - Thompsonville

Eley O'Connor Detroit Ltd. - Royal Oak

Gonzalez Design Group - Madison Heights

Roosevelt Market - Grand Rapids

Government Contracting

The U.S. Government is the largest purchaser of goods and services in the world. To help small businesses receive their fair share of contracts, SBA negotiates goals annually with each federal agency. Currently, the overall small business goal is 23%. This includes specific goals of 5% to women-owned businesses, 5% to small disadvantaged businesses, 3% to veteran-owned businesses and a HUBZone goal of 2.5%.

Under the Small Business Act, federal agencies announce a variety of procurements that are reserved exclusively for small business participation. These transactions are called "small business set-asides" and include the 8(a), HUBZones, and Very Small Business Programs.

8(a) Program

The 8(a) program is a business development program for small businesses that are owned, managed, and controlled by individuals who are socially and economically disadvantaged, and have the capacity and capability to sell products and services directly to the federal government.

As of September 30, the Michigan District Office had 101 firms in the 8(a) program, a 13% increase since last year. The breakdown of the current portfolio by race/ethnicity is as follows: African American - 66 firms; Asian Indian - 8 firms; Hispanic - 15 firms; Native American - 6 firms; Asian - 3 firms; and Caucasian - 3 firms. There are 40 8(a) firms in the professional services industry, 26 in construction, 7 manufacturers, 16 service and 12 wholesale/retail.

HUBZones

HUBZones (Historically Underutilized Business Zones) provide contracting preferences to small businesses that are located in a HUBZone and hire employees who live in a HUBZone. HUBZone businesses have the opportunity to negotiate sole source contracts, participate in restricted competition with other HUBZone firms, and are allowed a 10% price evaluation preference in full and open competition. There are 127 HUBZone certified businesses in Michigan.

Very Small Business Program

The Very Small Business (VSB) program is a pilot program designed to increase opportunities for small businesses with 15 or fewer employees and less than \$1 million in sales. Procurement requirements estimated

to be between \$2,500 and \$50,000 must be reserved for eligible VSB concerns.

Small Disadvantaged Business Certification

Since 1998, Small Disadvantaged Businesses (SDB) need to be certified to receive certain procurement preferences in doing business with the federal government and prime contractors. The SDB preferences apply to many federal procurements in select industries in which SDBs are underutilized. There are 158 SDB firms in Michigan.

Information on the 8(a) and SDB programs is provided by SBA at a 9:00 a.m. orientation session on the first Thursday of each month at the One Stop Capital Shop of Detroit. Please call (313) 226-6075 x253 for more information.

Other Programs

Other contracting programs also provide valuable services to small businesses, including verification of a small business's competency to complete a job when it has lost its bid to a larger company; subcontracting assistance; and breakout procurement assistance. For more information, please call Pamela Thompson, Government Contracting Specialist, at (810) 574-5513.

PRO-Net

PRO-Net is an Internet-based database of information on more than 180,000 small, disadvantaged, 8(a), and women-owned businesses. It provides a way for federal and state government agencies and other contractors to identify small businesses, and has links to contracting Web sites. PRO-Net is also linked to FedBizOps.gov, many federal agency home pages, and other sources of procurement information. Visit PRO-Net at <http://pro-net.sba.gov>.

Michigan Technical Assistance Centers (TACs)

TACs are a state-run program to help small business owners locate procurement opportunities. With 15 locations statewide, TACs use skilled professionals to assist businesses in acquiring state and federal government contracts. Although not an SBA sponsored resource, many TACs are co-located with SBA resource partners such as SBDCs. To locate a TAC near you, please call (517) 335-2150 or visit their Web page at <http://www.michigantac.org>.

Counseling & Training

SBA provides a broad range of counseling, training and technical assistance through partnerships with state and local organizations throughout Michigan. Beginning in 1964 with the Service Corps of Retired Executives (SCORE), SBA cosponsored programs have expanded to include the Small Business Development Centers, the Women's Business Centers, the U.S. Export Assistance Centers, and the Business Information Centers. In FY 2001, our partners reported over 25,000 counseling cases, training attendees, and BIC clients. More than 100,000 hours of direct assistance were provided to all clients.

PARTNERS

Business Information Centers

Michigan houses a BIC in Detroit, Flint, and Grand Rapids. Each one operates like a small business library, enabling clients to conduct market research, write business plans and even create a business logo. Resources include books, videos, and computers with small business software and Internet access. Approximately 4,400 clients used BIC resources in FY 2001.

Michigan Small Business Development Centers

Since its inception in 1983, the Michigan SBDC has provided assistance to more than 250,000 clients through in-depth counseling and training programs at the lead center, 12 regional offices, and over 80 other SBDC locations.

FY 2001 ushered in a major transition for the SBDC. After 17 years as the state host, Wayne State University decided to end its participation in the SBDC program. After a competitive bidding process, the Seidman School of Business at Grand Valley State University (GVSU) was selected as the new state host.

Despite an extremely short transition period, this new lead center was able to maintain the programs and services currently available through the network and, as the year progressed, added significant resources to an already impressive array. Eastern Michigan University joined the network to host the Wayne, Oakland and Monroe regional center and Mid-Michigan College joined as the regional host for the ten county region in mid-Michigan.

Despite the transition of the SBDC to a new host, in FY 2001 the number of clients served by the SBDC increased by more than 500 to 11,050 clients and

counseling hours increased by nearly 6,000 hours to 56,547. The support of GVSU, as exemplified by David Mielke, Dean of the Seidman School of Business, and the new State Director, Carol Lopucki, along with the commitment by all of the partners in the SBDC program was essential to this spectacular rebirth.

Service Corps Of Retired Executives

As a group of retired executives and business owners, SCORE counselors donate their time and expertise by providing free confidential counseling. Nationally, these "Counselors to America's Small Business" donate more than one million hours per year to assist small business, and SCORE has provided assistance to nearly five million clients since its inception in 1964.

Michigan is served by nine SCORE chapters with more than 40 locations throughout the state. Most SCORE locations are hosted by local chambers of commerce or economic development organizations. Michigan SCORE has more than 350 counselors, and in FY 2001 they provided counseling to a record high of over 4,600 clients. A large contributor to this increase is the growing popularity of email counseling which totaled over 1,100 cases. SCORE training programs assisted an additional 1,447 people through 138 workshops and seminars.

The Detroit SCORE Chapter is the largest in Michigan and serves the southeast area of the state. This chapter supports more than 20 satellite and branch offices and had a 16% increase in the counseling hours provided to clients in FY 2001.

The Sault Ste. Marie Chapter provides services to the entire Upper Peninsula with branches in Marquette and Escanaba.

The Kalamazoo Chapter serves the southwest portion of Michigan with a total of four locations. Clients attending the chapter's workshops increased by 55%.

The Traverse City Chapter also supports Manistee, Frankfort, and Grayling locations and a circuit rider program to serve its large area. The chapter reported a 21% increase in client counseling sessions.

The Petoskey Chapter saw an increase in counseling hours of 19%.

Counseling & Training

The Grand Rapids Chapter continued its strong performance with a 26% increase in the number of workshops offered, many of which were held in partnership with the SBDC and Grand Rapids BIC.

The Cadillac Chapter increased counseling cases and clients by more than 35%.

The Muskegon Chapter reported the largest percentage increase in activity for the entire state. Counseling cases and training programs and attendees more than doubled in FY 2001.

The Ann Arbor Chapter continued its impressive results since becoming the state's newest chapter. It supports branches in Adrian and Brighton, and is the leading cyber chapter with over 800 email cases.

U.S. Export Assistance Centers

This "one-stop" source for small business export information and assistance is a partnership of SBA, U.S. Department of Commerce, and the Export-Import Bank. These centers provide counseling, training, market research, and trade financing assistance. During FY 2001, the four USEACs assisted 435 new clients resulting in 124 export transactions.

Women Business Centers

The SBA funds four Women's Business Centers in Michigan. These centers provide counseling, training, mentoring and other services to women business owners. Over 3,500 clients received counseling and training from these centers in FY 2001.

The Women's Enterprise Center (WEC) at the Detroit Entrepreneurship Institute, Inc. serves Wayne, Oakland and Macomb counties through monthly mentoring meetings, networking opportunities, business consulting, and training in economic literacy, certification, and the Internet.

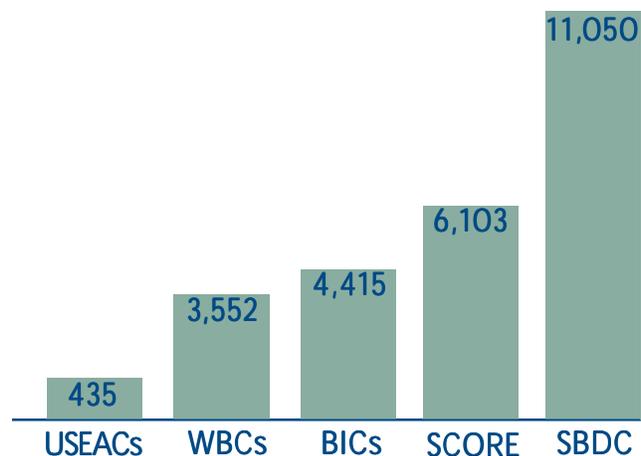
The Grand Rapids Opportunities for Women (GROW) became a fully funded center in FY 2001. This additional funding allowed GROW to expand its services throughout Northwest Michigan by subcontracting with Project INVEST, a micro-enterprise program of the Northwest Michigan Council of Governments. Project Invest received funding under contract from GROW in June, and serves the ten county greater Traverse City area.

While the Center for Empowerment and Economic Development (CEED) is located in Ann Arbor, it has programs that cover the state. In addition to counseling and training, special CEED programs include:

Women Business Enterprise Certification is available through CEED's Michigan Women's Business Council, the Michigan certifier for the Women's Business Enterprise National Council, a national certifying body recognized by major American corporations.

The Michigan Women's Marketplace, an on-line "mall" developed by CEED, is designed to provide an online presence for small, women-owned businesses. By grouping their products together, small business owners can become part of a sophisticated enterprise with an e-commerce base.

FY 2001 Total Clients Served Through Counseling & Training



Counseling & Training

PROGRAMS

SBA provided many special programs during FY 2001. These included our Annual Lenders' Conference, Small Business Loan workshops, TEAM SBA Roundtables, 8(a)/Small Disadvantaged Business Certification workshops, HUBZone Contracting workshops, Doing Business with the Government seminars, Basics of Exporting workshops, and Financing Fairs. This year alone SBA directly participated in over 100 workshops to better inform and educate our clients. Highlights from our major programs include:

SBA's Annual Lenders' Conference was held in March in Lansing with over 125 lenders participating. This conference was followed-up by ten loan officer seminars that were conducted throughout Michigan.

TEAM SBA is a roundtable-type session to help entrepreneurs understand the commercial loan process. Attendees meet with small business banking officers, SBA loan officers and small business consultants from the Michigan SBDC to discuss their financing needs and to learn how loan applications are analyzed, the impact of personal credit, and what the "5c's of credit" mean. A total of 42 roundtables with 268 participants were held throughout Michigan in FY 2001.

The Women's Business Advisory Team (BAT) is comprised of experts, including bankers, attorneys, accountants, marketing and insurance specialists, and small business consultants who have agreed to offer initial services to women business owners at no charge. Service providers may offer various discounts, special rates or consultation as part of their participation in the BAT.

Small Business Tours were conducted in Detroit, Hamtramck, Highland Park, Grand Rapids, Kentwood and Wyoming. Sponsored by the SBA, National City, the SBDC, and over 40 public and private sector organizations, the tours are designed to bring participating economic development organizations directly to small business owners at their business location. Over 170 businesses participated in the three tours conducted in FY 2001.

MARKETING AND OUTREACH

Highlights of the Michigan District Office marketing efforts in FY 2001 included:

Presentations: SBA staff gave over 100 presentations on all aspects of SBA programs and small business throughout Michigan.

Publications: Michigan District Office SBA publications include the Annual Report, 8(a) Newsletter, Bank Notes Newsletter, SBA Quarterly Newsletter, and the Michigan Small Business Sourcebook. Over 26,000 copies of the Sourcebook were distributed in FY 2001.

Focus on: Women newsletter is produced by the SBA Women Business Ownership Representatives from SBA's Midwest Region. Recent topics include microloans, success stories of women business owners, SBA guaranty loan programs, and key resource information. This periodic newsletter is available electronically by emailing catherine.gase@sba.gov or by calling (313) 226-6075 x223.

Media: We provided dozens of articles and press releases to Michigan's print, radio and television media, as well as many interviews on SBA's programs and services and current business conditions in the state. These were used hundreds of times by the media to provide information to the public.

Financial Assistance

In FY 2001, the Michigan District Office guaranteed 812 loans worth more than \$239 million. This was a decrease of 192 loans and \$81 million from FY 2000. The average loan size was \$294,335 as compared to \$318,446 last year.

The benefits of SBA's loan programs are felt state-wide. Small businesses in 285 cities within 69 of Michigan's 83 counties received an SBA guaranty loan. Lists of loan activity by city and county are on pages 12 and 13 respectively.

7(a) Program

The SBA's Reauthorization Bill for FY 2001 made many changes in SBA's 7(a) and 504 programs. The most significant were to:

- increase the guaranty percentage from 80% to 85% for most 7(a) loans up to \$150,000;
- increase the maximum 7(a) guaranty from \$750,000 to \$1 million;
- set a maximum 7(a) loan size of \$2 million;
- simplify the guaranty fee structure

Under section 7(a) of the Small Business Act, the SBA may guarantee loans to small businesses when financing is unavailable on reasonable terms through normal lending channels. This program may be used by start-ups or by growing businesses to expand or renovate facilities; purchase machinery, equipment, and fixtures; make leasehold improvements; finance receivables; augment working capital; refinance existing debt; provide seasonal lines of credit; construct commercial buildings; purchase land or buildings; and export products to foreign markets.

Over the years, SBA has created additional programs under the 7(a) umbrella to meet the needs of the small business community. These include the Preferred Lender, SBALowDoc and SBAExpress programs.

The Preferred (PLP) lender program was developed to expedite the lending process for commercial lenders which have extensive experience with SBA lending. PLP lenders enjoy full delegation of authority and can decide unilaterally on SBA participation for eligible business loans. In FY 2001, Michigan PLP lenders approved 253 loans worth \$117.7 million.

SBALowDoc allows the lender to submit a one-page application to SBA for loans of \$150,000 or less. The application is usually faxed in and processed within 36

hours. In FY 2001, 196 SBALowDoc loans for a total of \$18 million were approved.

SBAExpress expedites the lending process by enabling lenders to use their own documentation and procedures to approve and service loans up to \$150,000. The SBA may guaranty up to 50% of SBAExpress loans. In FY 2001, we guaranteed 138 SBAExpress loans worth \$7.7 million.

504 Program

The 504 program uses Certified Development Companies (CDCs) to provide long-term, fixed-rate financing to growing small businesses to acquire fixed assets. CDCs are public-private organizations, usually community based, created to foster economic development within a particular region. One major component of CDCs is to provide financing for local ventures.

SBA loans approved under the 504 program must create or retain jobs. Typically, 50% of the financing comes from the bank (secured with a senior lien), 40% from an SBA guaranteed debenture (up to a maximum \$1,000,000), and 10% from the small business.

In FY 2001, the Michigan District Office approved 73 504 loans for more than \$35 million. These loans are expected to create 861 new jobs in Michigan.

Portfolio Management

Almost all servicing actions on fully disbursed 7(a) or 504 loans are handled by the Fresno Commercial Loan Service Center (CLSC). However, delinquent loans (60 days past due) are returned to the Portfolio Management Division in the Michigan District Office where we concentrate on problem resolution and collection from collateral and/or personal guaranties. SBA maintains a one-person office in Marquette to handle portfolio management for the Upper Peninsula and northern Lower Peninsula.

As of September 30, there were 3,951 SBA business loans in Michigan with an outstanding balance of more than \$720 million and a currency rate of 90.2%. The CLSC services 3,188 of these loans; 763 are serviced by this office. This compares to 3,813 loans for \$665 million one year ago. The growth of our portfolio has been slowed by the continuing sale of loans under a government-wide initiative to sell federal loan assets to the private sector.

Financial Assistance

Other Financial Assistance Programs

The SBA funds several intermediaries in Michigan to deliver both microloans and venture capital to small businesses. Available on a limited basis, the microloan program provides loans up to \$35,000 for the purchase of machinery and equipment, furniture and fixtures, inventory, supplies, and working capital. In FY 2001, Michigan's five SBA microlenders approved 14 loans. A sixth SBA microlender, Kent Area MicroBusiness Loan Services, has recently been approved.

The SBA also offers financing through its Small Business Investment Companies (SBIC) and Specialized Small Business Investment Companies (SSBIC). SBICs supply equity capital, long-term loans, and management assistance to qualified businesses owners. SSBICs offer the same assistance to small businesses owned by socially and economically disadvantaged entrepreneurs.

Through its Surety Bond Program, the SBA may also guaranty bonds for contracts up to \$2.0 million, covering bid, performance, and payment bonds for small contractors which cannot obtain surety bonds through regular commercial channels. SBA works with

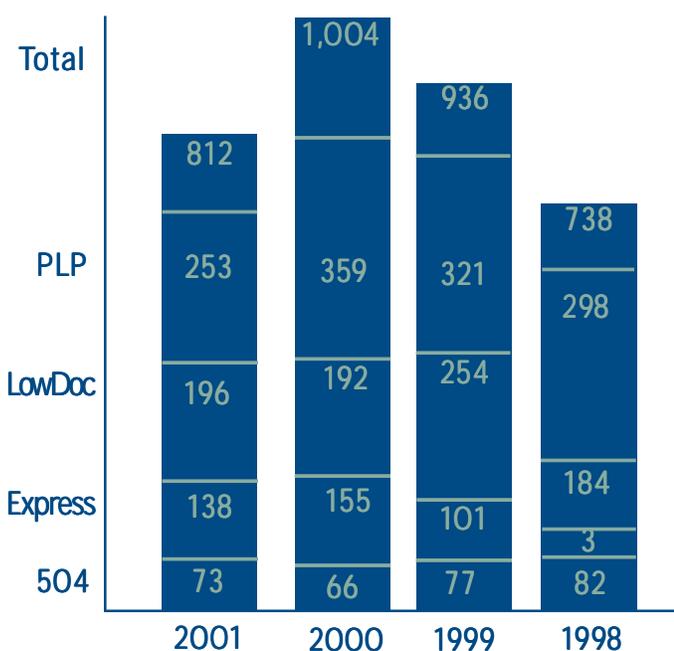
surety companies across Michigan. In FY 2001, 28 bid bond guaranties, and 13 final performance and payment bonds worth \$3.1 million were written.

SBA is the primary source of federal funds for long-term disaster recovery assistance. This assistance is in the form of low interest loans and is available to homeowners, renters, and business owners in federally declared disaster areas to replace or repair destroyed or damaged business facilities, inventory, machinery, equipment, etc. not covered by insurance.

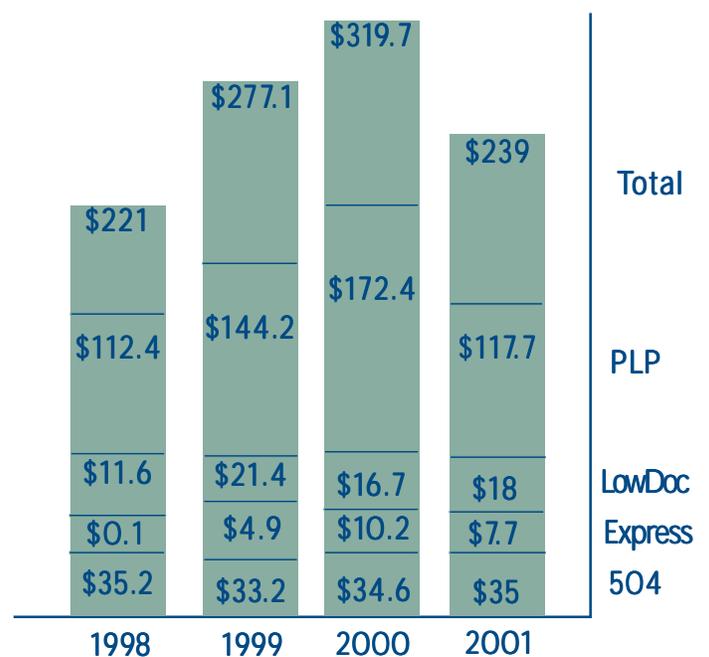
Economic injury disaster loans (EIDL) are also available to provide working capital to small businesses that suffered economically due to the impact of a disaster on their business activities.

In October 2001, the SBA expanded the EIDL program as a result of the tragic events of September 11th. This action authorized EIDL assistance across the country for eligible small businesses that had suffered substantial economic injury as a direct result of the attacks or a Federal action taken directly after the attacks. This represents a major, unprecedented change in the disaster loan program.

**Total Number of Loans
FY 1998-2001**



**Total Dollar Value of Loans
FY 1998-2001 (in millions)**



Loan Activity By City

The Michigan District Office guaranteed loans to businesses in 285 Michigan cities. Cities with two or more loans are listed here.

CITY	LOANS	AMOUNT	CITY	LOANS	AMOUNT	CITY	LOANS	AMOUNT
1. Detroit	40	\$15,685,860	56. Auburn Hills	3	\$1,567,000	111. Imlay City	2	\$1,383,000
2. Grand Rapids	36	\$8,078,225	57. Benton Harbor	3	\$181,000	112. Ishpeming	2	\$325,000
3. Lansing	30	\$5,490,600	58. Caledonia	3	\$462,000	113. Jenison	2	\$275,000
4. Troy	19	\$6,870,000	59. Charlotte	3	\$423,800	114. Kaleva	2	\$750,000
5. Holland	17	\$4,868,000	60. Clare	3	\$200,000	115. Kentwood	2	\$160,000
6. Kalamazoo	15	\$5,920,300	61. Clarkston	3	\$410,000	116. Lake Orion	2	\$1,976,000
7. Jackson	13	\$3,251,550	62. Coloma	3	\$234,000	117. Lincoln Park	2	\$1,285,000
8. Dearborn	12	\$7,841,300	63. Curtis	3	\$446,000	118. Lowell	2	\$1,535,000
9. Flint	12	\$3,008,200	64. Freeland	3	\$220,000	119. Marine City	2	\$700,000
10. Traverse City	12	\$3,341,900	65. Grandville	3	\$925,000	120. Maywood	2	\$349,000
11. Warren	12	\$7,224,700	66. Holly	3	\$1,015,000	121. Montague	2	\$868,000
12. Ann Arbor	11	\$3,555,780	67. Holt	3	\$292,000	122. New Baltimore	2	\$669,500
13. Battle Creek	11	\$1,563,000	68. Iron Mountain	3	\$1,375,000	123. Norton Shores	2	\$725,000
14. Fenton	11	\$847,700	69. Ironwood	3	\$211,000	124. Oak Park	2	\$875,000
15. Grand Haven	9	\$2,058,000	70. Kalkaska	3	\$424,200	125. Ortonville	2	\$296,000
16. Muskegon	9	\$3,098,900	71. Lake Linden	3	\$350,000	126. Palmer	2	\$161,600
17. Roseville	8	\$2,625,100	72. Madison Heights	3	\$1,291,600	127. Paw Paw	2	\$605,000
18. Saginaw	8	\$3,602,000	73. Marysville	3	\$1,640,000	128. Petoskey	2	\$1,199,000
19. Southfield	8	\$4,185,000	74. Middleville	3	\$428,000	129. Port Huron	2	\$677,000
20. Utica	8	\$1,616,000	75. Mount Morris	3	\$272,000	130. Redford	2	\$240,600
21. Allen Park	7	\$673,400	76. Niles	3	\$860,500	131. Roscommon	2	\$273,800
22. Marquette	7	\$1,043,650	77. Northville	3	\$1,468,000	132. Saugatuck	2	\$320,000
23. Plymouth	7	\$1,937,850	78. Plainwell	3	\$461,800	133. Southgate	2	\$2,100,000
24. Waterford	7	\$941,150	79. Pontiac	3	\$1,250,900	134. Temperance	2	\$400,000
25. Livonia	6	\$1,900,000	80. Saint Johns	3	\$515,700	135. Twin Lake	2	\$165,000
26. Rochester Hills	6	\$3,151,000	81. Saline	3	\$966,500	136. Walled Lake	2	\$175,000
27. Royal Oak	6	\$2,092,732	82. Tecumseh	3	\$658,000	137. Wayland	2	\$572,000
28. Sterling Heights	6	\$1,644,800	83. Walker	3	\$2,000,000	138. West Branch	2	\$280,000
29. Burton	5	\$2,695,600	84. Washington	3	\$609,000	139. Westland	2	\$1,701,000
30. De Witt	5	\$899,600	85. Adrian	2	\$311,400	140. Williamsburg	2	\$145,000
31. Farmington Hills	5	\$1,991,000	86. Auburn Heights	2	\$30,000	141. Wyoming	2	\$295,000
32. Gaylord	5	\$2,840,500	87. Bath	2	\$155,000			
33. Monroe	5	\$609,900	88. Birch Run	2	\$245,000	TOTAL	812	\$239,287,174
34. Sault Ste. Marie	5	\$576,000	89. Birmingham	2	\$320,000			
35. Taylor	5	\$1,564,400	90. Bloomfield Hills	2	\$160,000			
36. Allegan	4	\$395,800	91. Brighton	2	\$1,001,500			
37. Bay City	4	\$450,000	92. Byron Center	2	\$250,000			
38. Canton	4	\$1,662,500	93. Cadillac	2	\$639,000			
39. Coldwater	4	\$735,000	94. Calumet	2	\$580,000			
40. East Lansing	4	\$3,509,200	95. Chesterfield	2	\$935,000			
41. Farmington	4	\$447,000	96. Clinton River	2	\$1,012,800			
42. Grand Blanc	4	\$797,700	97. Commerce Twp	2	\$1,250,000			
43. Howell	4	\$935,769	98. Dexter	2	\$776,000			
44. Negaunee	4	\$549,000	99. E. Grand Rapids	2	\$404,000			
45. Novi	4	\$3,465,500	100. Escanaba	2	\$405,200			
46. Owosso	4	\$2,101,000	101. Ferndale	2	\$783,000			
47. Oxford	4	\$880,000	102. Flushing	2	\$1,236,000			
48. Portage	4	\$2,454,500	103. Frankenmuth	2	\$200,000			
49. Saint Clair Shores	4	\$1,697,000	104. Galesburg	2	\$255,000			
50. Shelby Township	4	\$374,500	105. Garden City	2	\$185,000			
51. South Lyon	4	\$2,021,000	106. Grass Lake	2	\$395,000			
52. Wayne	4	\$826,000	107. Grosse Pte Woods	2	\$307,400			
53. Ypsilanti	4	\$2,976,000	108. Harbor Springs	2	\$197,000			
54. Zeeland	4	\$725,000	109. Hastings	2	\$468,000			
55. Allendale	3	\$1,030,000	110. Highland	2	\$1,562,400			

Loan Activity By County

COUNTY	LOANS	AMOUNT	COUNTY	LOANS	AMOUNT
1. Oakland	112	\$41,571,282	46. Saint Joseph	3	\$1,010,000
2. Wayne	109	\$41,673,410	47. Van Buren	3	\$704,000
3. Kent	62	\$17,187,225	48. Wexford	3	\$748,000
4. Macomb	61	\$21,467,900	49. Alger	2	\$450,000
5. Genesee	38	\$8,167,200	50. Cheboygan	2	\$190,000
6. Ingham	35	\$9,400,300	51. Hillsdale	2	\$250,000
7. Ottawa	32	\$8,464,000	52. Mason	2	\$196,000
8. Kalamazoo	23	\$9,138,300	53. Menominee	2	\$155,000
9. Washtenaw	21	\$8,521,480	54. Montcalm	2	\$327,000
10. Allegan	18	\$2,631,600	55. Tuscola	2	\$1,550,000
11. Marquette	18	\$2,771,050	56. Alcona	1	\$220,000
12. Muskegon	18	\$5,721,200	57. Antrim	1	\$161,000
13. Saginaw	18	\$4,522,000	58. Arenac	1	\$62,000
14. Jackson	17	\$3,758,550	59. Baraga	1	\$329,608
15. Grand Traverse	16	\$4,331,900	60. Cass	1	\$180,000
16. Berrien	13	\$2,533,400	61. Crawford	1	\$325,000
17. Calhoun	13	\$2,379,000	62. Gratiot	1	\$294,100
18. Monroe	11	\$1,510,700	63. Ionia	1	\$1,070,000
19. Clinton	10	\$1,570,300	64. Mecosta	1	\$61,200
20. Eaton	10	\$941,800	65. Midland	1	\$98,000
21. Lenawee	10	\$2,164,400	66. Newaygo	1	\$50,000
22. Shiawassee	9	\$3,028,500	66. Oceana	1	\$266,000
23. Livingston	8	\$3,047,269	68. Presque Isle	1	\$120,000
24. Saint Clair	8	\$3,222,000	69. Sanilac	1	\$513,000
25. Barry	7	\$1,043,500			
26. Houghton	6	\$1,176,300	TOTAL	812	\$239,287,174
27. Bay	5	\$707,000			
28. Chippewa	5	\$576,000			
29. Dickinson	5	\$1,603,000			
30. Manistee	5	\$1,074,800			
31. Otsego	5	\$2,840,500			
32. Branch	4	\$695,000			
33. Delta	4	\$557,400			
34. Emmet	4	\$1,396,000			
35. Gogebic	4	\$241,000			
36. Lapeer	4	\$1,943,000			
37. Benzie	3	\$195,900			
38. Charlevoix	3	\$1,139,600			
39. Clare	3	\$200,000			
40. Iosco	3	\$378,000			
41. Kalkaska	3	\$424,200			
42. Leelanau	3	\$1,667,500			
43. Mackinaw	3	\$446,000			
44. Ogemaw	3	\$1,280,000			
45. Roscommon	3	\$768,800			

7(a) Loan Activity By Lender

LENDER	LOANS	AMOUNT	LENDER	LOANS	AMOUNT
1. National City	146	\$15,711,000	56. Northwestern Savings Bank & Trust	2	\$94,000
2. Republic Bank	90	\$23,638,250	57. Community Central Bank	2	\$92,500
3. Fifth Third Bank	63	\$17,047,650	58. United Midwest Savings Bank	1	\$1,333,000
4. Business Loan Center	43	\$36,179,500	59. Ionia County National Bank of Ionia	1	\$1,070,000
5. Bank One	36	\$7,526,600	60. Charter Bank	1	\$150,000
6. Comerica	35	\$16,483,000	61. Greenfield BIDCO	1	\$680,000
7. Michigan National Corporation	22	\$7,406,400	62. ChoiceOne Bank	1	\$471,000
8. First National Bank Of Zanesville	19	\$9,162,000	63. Superior Naitonal Bank and Trust	1	\$329,608
9. CIT Small Business Lending Corp.	18	\$6,610,500	64. The Miners State Bank of Iron River	1	\$250,000
10. United Bank of Michigan	15	\$3,229,100	65. First Union Small Business Capital	1	\$233,000
11. First International Bank	14	\$8,899,000	66. Huron Community Bank	1	\$220,000
12. First Federal of Michigan	13	\$1,501,060	67. Lapeer County Bank & Trust	1	\$210,000
13. Citizens Bank	13	\$2,806,132	68. Citizens First Savings Bank	1	\$200,000
14. Huntington Bank	13	\$1,481,800	69. National Cooperative Bank	1	\$200,000
15. Capitol Bancorp	12	\$3,200,600	70. State Bank of Caledonia	1	\$150,000
16. Wells Fargo Bank	11	\$2,357,800	71. New Liberty Bank	1	\$150,000
17. Chemical Bank and Trust	9	\$1,122,500	72. Temecula Valley Bank, N.A.	1	\$150,000
18. The State Bank	9	\$687,700	73. Standard Federal	1	\$136,000
19. Keybank	8	\$1,106,100	74. First National Bank in Howell	1	\$105,769
20. Select Bank	7	\$1,720,000	75. Citizens National Bank	1	\$100,000
21. The First National Bank of Negaunee	7	\$789,150	76. Irwin Union Bank	1	\$100,000
22. Lenawee Bancorp	6	\$1,967,880	77. First National Bank of Calumet	1	\$100,000
23. Southern Michigan Bank and Trust	6	\$980,000	78. Warren Bank	1	\$100,000
24. U.S. Bank National Association	5	\$4,059,000	79. Monroe Bank & Trust	1	\$64,000
25. North Country Bank and Trust	5	\$2,057,800	80. Bay Bank	1	\$52,200
26. Central State Bank	5	\$1,007,000	81. M & I Bank of Eagle River	1	\$30,000
27. GE Capital Small Business Fin. Corp	5	\$842,600	82. Farmers & Merchants Bank & Trust	1	\$10,000
28. Northern Michigan Bank	5	\$703,000			
29. The Peninsula Bank	5	\$435,600			
30. United Bank & Trust	4	\$866,400			
31. Washington Mutual	3	\$2,311,700			
32. Heller First Capital	3	\$1,655,000			
33. Citicapital Small Business Finance	3	\$1,207,000			
34. Wisconsin Business Bank	3	\$1,050,000			
35. Small Business Loan Source	3	\$973,000			
36. Business Lenders	3	\$950,800			
37. Shoreline Bank	3	\$760,000			
38. The Honor State Bank	3	\$609,000			
39. Paramount Bank	3	\$557,600			
40. Metrobank	3	\$475,000			
41. Macatawa Bank	3	\$296,000			
42. Westminster Development Bank	2	\$810,000			
43. Unity Bank	2	\$747,350			
44. Founders Trust Personal Bank	2	\$527,125			
45. Sky Bank - Mid Am Region	2	\$380,000			
46. Alliance Banking Company	2	\$275,900			
47. Oxford Bank	2	\$250,000			
48. Franklin Bank	2	\$240,000			
49. The Bank of Northern Michigan	2	\$235,000			
50. State Savings Bank	2	\$226,000			
51. Community Shores Bank	2	\$160,000			
52. Peoples State Bank	2	\$155,000			
53. Old Mission Bank	2	\$130,000			
54. Firstbank - St. Johns	2	\$120,000			
55. First National Bank of Gaylord	2	\$105,500			
			TOTAL	739	\$203,573,174

504 Loan Activity by CDC

CDC	LOANS	AMOUNT
1. Oakland County Business Finance Corp.	19	\$8,960,000
2. Economic Development Foundation-Certified	18	\$8,182,000
3. Michigan Certified Development Corp.	17	\$9,694,000
4. Metropolitan Growth and Development Corp.	7	\$4,795,000
5. Growth Finance Corp.	6	\$1,654,000
6. West Michigan Lakeshore CDC	6	\$2,429,000
TOTAL	73	\$35,714,000

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How Many Jobs Did Small Businesses Create in Michigan?



Michigan businesses with less than 100 employees in March, 1997 had an increase of 51,879 in their employment by March, 1998. Businesses with 100 or more employees in March, 1997 had an employment increase of only 26,500 one year later. This same phenomenon has been true for every prior year in the decade of the 1990's. The bottom line: small businesses create more jobs.

Job Creation By Firm Size 1997-1998

Number of Employees in 1997	Jobs these Firms Created by 1998
1-4 employees	31,110
5-9 employees	5,640
10-19 employees	2,953
20-99 employees	12,176
less than 100 employees	51,879
100-499 employees	(2,468)
500+ employees	28,968
Total net new jobs	78,379

Source: SBA Office of Advocacy

This publication was created by the Michigan District Office of the U.S. Small Business Administration.
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Report Editors: Julie Clowes, Richard Temkin

Graphic Design: Julie Clowes