

**SBA News and Views** is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

## Serving America's Small Businesses

### U.S. Small Business Administration Wisconsin District Office

**Eric Ness, District Director**  
**August 2004**

#### In this issue:

SBA Breaks Loan Record.....	pages 1 - 2
Disaster Updates.....	page 2
Updated 504 Authorization.....	page 2
Health Savings Accounts (HSAs).....	pages 2 - 3
Work at Home Schemes.....	pages 3 - 5
Tips for Business Success .....	pages 5 - 6
Women's Equality Day.....	page 6
Calendar of Events.....	page 6
Contact Info for Lenders.....	page 6
July Lenders.....	pages 6 - 7
July Microlenders.....	page 7
Small Business Award Nomination Form.....	page 8

SBA Home Page  
<http://www.sba.gov>

Wisconsin SBA Home Page  
<http://www.sba.gov/wi>

Editor:  
[janice.wipijewski@sba.gov](mailto:janice.wipijewski@sba.gov)

## SBA Breaks All-Time Loan Record

### Agency Has Already Surpassed 2003 Loan Numbers

U.S. Small Business Administrator Hector V. Barreto announced today (August 11, 2004) that, with almost two full months still remaining in the fiscal year, the SBA has already backed more loans in its 7(a) and 504 programs than ever before in its 51-year history.

As of August 6 – eight weeks before the end of fiscal year 2004 – the SBA's 7(a) loan program had guaranteed 67,493 loans in fiscal year 2004, more than the record 67,306 7(a) loans made in all of fiscal year 2003. In addition, the agency has backed 6,974 loans through its 504 program, surpassing the 2003 record of 6,863. The 2004 fiscal year ends on September 30. When compared to the same time period last year, these record-breaking numbers represent dramatic increases: 23 percent for 7(a) and 27 percent for 504.

“In 2003, the SBA set all-time records in its two major loan programs. It took us less than a year to break those records,” Barreto said. “I am proud that our loan programs, and especially our flagship 7(a), are growing and reaching out to more small businesses than ever before.

I am hopeful that we can continue this trend, particularly if the President's proposal to make 7(a) self-sustaining is approved by Congress.

“Breaking records like this is about more than making history,” Barreto added. “This is good news for America's small business owners. It means that we are making a real difference in the lives of more and more entrepreneurs and that they are going on to make a real difference in our economy. Over the last 11 months, American farms and businesses have created 1.5 million new jobs. We know that when the economy is growing and jobs are being created; small businesses are always in the lead. They are the engine of our economy and I am proud to be able to work with President Bush to help create an environment in which they are succeeding.”

Not only has the SBA broken overall lending records, but it has also already exceeded 2003 numbers for some of the fastest growing segments of the small business community. With almost two months still remaining in the 2004 fiscal year, the SBA has already surpassed the total 2003 number of loans to African Americans, Hispanics, Asian Americans, women and rural entrepreneurs. When comparing with the same time period last year, the increases are even more dramatic.

Loan guarantees to African Americans, Hispanics, and Asian Americans are 30 percent ahead of their totals at the same date last year. Loans to women are up by 25 percent, and rural loans are 11 percent ahead.

**Disaster Update**

SBA reminds homeowners, renters and businesses that August 18, is the deadline to file physical disaster loan applications from the severe storms and flooding that occurred between May 19 and July 3.

SBA disaster loans are the primary source of long-term recovery assistance. If the SBA is unable to approve a loan, the applicant may be automatically referred to other available disaster assistance programs, including grants.

In the declared counties, SBA offers loans of up to \$200,000 to repair disaster damaged homes. Homeowners and renters are eligible for up to \$40,000 to replace personal property. Loans to businesses and non-profit organizations of up to \$1.5 million are also available to repair damage to real estate, machinery and equipment, inventory, etc., and for leasehold improvements. Working capital assistance is also available through SBA's Economic Injury disaster Loan (EIDL) program. A business need not have physical damage to be eligible for economic injury assistance.

Interest rates for homeowners and renters can be as low as 2.875 percent and 2.750 percent for

businesses. Loan terms on all loans can be up to 30 years. Actual loan amounts and terms are set by SBA and are based on each applicant's financial condition.

Disaster victims are reminded that to be considered for all forms of disaster assistance, including SBA's disaster loans, they must first call the Federal Emergency Management Agency (FEMA) at 1-800-621-FEMA (3362). This one call will get people referred to the agency that can best help with their disaster related needs. Even if you had some insurance, it is important that you register for this assistance.

Written inquiries and completed applications should be mailed to: The U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308.

**Updated 504 Authorization and Wizard**

This notice is to announce the implementation of an updated version of the 504 authorization: "504 Wizard and Boilerplate Version 2004." It replaces the current 504 Wizard and Boilerplate Version 4.2-Service Release 1. The Small Business Administration annually reviews, updates and refines the National Authorizations based on changes in laws, regulations, policy and procedures, and input received from SBA employees and lending partners since the last update. 504 Wizard and Boilerplate Version 2004 is now available to Lenders and SBA personnel at SBA's banking website.

Beginning immediately, SBA field offices must begin using this version for all 504 loans they prepare. Beginning 30 days from August 2, 2004, all PCLP CDC's and CDC producing draft authorizations must begin using the 504 Wizard and Boilerplate Version 2004 of the National 504 Authorization.

If you have any questions regarding the 504 Wizard and Boilerplate Version 2004, please submit your questions to the 504 Authorization e-mail box at [Auth-504@sba.gov](mailto:Auth-504@sba.gov).

**What You Need to Know About Health Savings Accounts**

Small business owners who want to provide health insurance for themselves, their families and their employees have a new program to help. The Health Savings Account, signed into law by President George W. Bush in December 2003, offers small business owners and employees what they need from health coverage: affordability, portability and freedom.

HSAs can save small business owners up to 40 percent in health care costs. Some small business owners who previously couldn't offer health care to their employees can do so now through HSAs. Small business owners switching to HSAs from other, traditional health coverage plans can save money to buy new equipment and grow their businesses.

The U.S. Small Business Administration – your small business resource – provides tools and services to help small businesses succeed. The SBA offers the following questions and answers to help small business owners learn more about HSAs.

**What is a Health Savings Account?**

An HSA is a tax-free savings account that allows individuals to save their own money to pay for current health expenses and save for future qualified medical and retiree health expenses on a tax-free basis.

**Can Small Business Owners Offer HSAs to Their Employees?**

Yes. Employers can set up plans for employees with providers, which generally will be insurance companies and banks.

**Who Is Eligible for an HAS?**

To be eligible for an HAS, an individual must be covered by a High Deductible Health Plan, must not be covered by other health insurance (does not apply to specific-injury insurance and accident, disability, dental care, vision care, long-term care), must not be eligible for Medicare, and can't be claimed as a dependent on someone else's tax return.

**What is a "High Deductible Health Plan?"**

An HDHP is a health insurance plan with minimum deductible of \$1,000 (self-only coverage) or \$2,000 (family coverage). The annual out-of-pocket (including deductibles and co-pays) cannot exceed \$5,000 (self-only coverage) or \$10,000 (family coverage). HDHPs can have first-dollar coverage (no deductible) for

preventive care and higher out-of-pocket (copays & coinsurance) for non-network services.

**Can Small Business Owners Contribute to an HSA?**

Yes. Contributions to HSAs can be made by either the employer or the employee, or both. Contributions by the individual employee are "above-the-line" deductions. Those by the employer are not taxable to the employee (excluded from income). Contributions may also be made by others on behalf of an eligible individual and deducted by the individual. All contributions are aggregated.

**How Much Can Small Business Owners Contribute to an HSA?**

The maximum contribution is the lesser of the deductible amount under the HDHP or (for 2004) \$2,600 for individuals or \$5,150 for family coverage. These dollar limits will be adjusted for inflation each year.

**Do HSA Funds Roll Over Year After Year?**

Yes, the money invested in an HAS rolls over from one year to the next.

**Do Small Business Owners Have Any Control Over the Money Invested in an HSA?**

In most cases the employee will have control over the assets. However, some small business owners are exploring the idea of having control over the investments.

**Can You Roll The Money in an HSA Over Into an IRA?**

You cannot roll the HAS funds over into an IRA. They will stay in the HAS or be rolled into another HAS.

**How Can Distributions From an HAS Be Used?**

The amounts can be distributed for either qualified medical or other expenses. If the amount distributed is used for qualified medical expenses, then the distribution is tax free. If the amount distributed is used for other than qualified medical expenses, the amount distributed will be taxed and, for individuals who are not disabled or over age 65, subject to a 10 percent tax penalty.

**Do You Have Additional Questions About HSAs?**

Email the Treasury Department: [HSAINfo@do.treas.gov](mailto:HSAINfo@do.treas.gov).

**Work-At-Home Schemes**

**From Federal Trade Commission Facts for Consumers**

**Medical Billing** – Ads for pre-packaged businesses – known as billing centers – are in newspapers, on television and on the Internet. If you respond, you'll get a sales pitch that may sound something like this: There's "a crisis" in the health care system, due partly to the overwhelming task of processing paper claims. The solution is electronic claim processing. Because only a small percentage of claims are transmitted electronically, the market for billing centers is wide open.

The promoter also may tell you that many doctors who process claims electronically want to "outsource" or contract out their billing services to save money.

Promoters will promise that you can earn a substantial income working full or part time, providing services like billing, accounts receivable, electronic insurance claim processing and practice management to doctors and dentists. They also may assure you that no experience is required, that they will provide clients eager to buy your services or that their qualified salespeople will find clients for you.

The reality: you will have to sell. These promoters rarely provide experienced sales staff or contacts within the medical community.

The promoter will follow up by sending you materials that typically include a brochure, application, sample diskettes, a contract (licensing agreement), disclosure document, and in some cases, testimonial letters, videocassettes and reference lists. For your investment of \$2,000 to \$8,000, a promoter will promise software, training and technical support. And the company will encourage you to call its references. Make sure you get many names from which to choose. If only one or two names are given, they may be “shills” – people hired to give favorable testimonials. It’s best to interview people in person, preferably where the business operates, to reduce your risk of being misled by shills and also to get a better sense of how the business works.

Few consumers who purchase a medical billing business opportunity are able to find clients, start a business and generate revenues – let alone recover their investment and earn a substantial income. Competition in the

medical billing market is fierce and revolves around a number of large and well-established firms.

**Envelope Stuffing** – Promoters usually advertise that, for a “small” fee, they will tell you how to earn money stuffing envelopes at home. Later – when it’s too late – you find out that the promoter never had any employment to offer. Instead, for your fee, you’re likely to get a letter telling you to place the same “envelope-stuffing” ad in newspapers or magazines, or to send the ad to friends and relatives. The only way you’ll earn money is if people respond to your work-at-home ad.

**Assembly or Craft Work** – These programs often require you to invest hundreds of dollars in equipment or supplies. Or they require you to spend many hours producing goods for a company that has promised to buy them. For example, you might have to buy a sewing or sign-making machine from the company, or materials to make items like aprons, baby shoes or plastic signs. However, after you’ve purchased the supplies or equipment and performed the work, fraudulent operators don’t pay you. In fact, many consumers have had companies refuse to pay for their work because it didn’t meet “quality standards.”

Unfortunately, no work is ever “up to standard,” leaving workers with relatively expensive equipment and supplies – and no income. To sell their goods, these workers must find their own customers.

**QUESTIONS TO ASK**

Legitimate work-at-home program sponsors should tell you – in writing – what’s involved in the

program they are selling. Here are some questions you might ask a promoter:

- ✚ What tasks will I have to perform? (Ask the program sponsor to list every step of the job.)
- ✚ Will I be paid a salary or will my pay be based on commission?
- ✚ Who will pay me?
- ✚ When will I get my first paycheck?
- ✚ What is the total cost of the work-at-home program, including supplies, equipment and membership fees?
- ✚ What will I get for my money?

The answers to these questions may help you determine whether a work-at-home program is appropriate for your circumstances and whether it is legitimate.

You also might want to check out the company with Wisconsin Agriculture, Trade and Consumer Protection at <http://datcp.state.wi.us/index.jsp> and the Wisconsin Better Business Bureau at [www.wisconsin.bbb.org/](http://www.wisconsin.bbb.org/), not only where the company is located, but also where you live. These organizations can tell you whether they have received complaints about the work-at-home program that interests you. But be wary: the absence of complaints doesn’t necessarily mean the company is legitimate.

Unscrupulous companies may settle complaints, change their names or move to avoid detection.

**Where to Complain**

If you have spent money and time on a work-at-home program and now believe the program may not be legitimate, contact the company and ask for a refund. Let company representatives know that you plan to notify officials about your experience. If you can't resolve the dispute with the company, file a complaint with these organizations:

- ✚ The Federal Trade Commission works for the consumer to prevent fraud and deception. Call 1-877-382-4357) or log on to [www.ftc.gov](http://www.ftc.gov).
- ✚ The Attorney General's office in your state or the state where the company is located. The office will be able to tell you whether you're protected by any state law that may regulate work-at-home programs.
- ✚ Your local consumer protection offices.
- ✚ Your local Better Business Bureau.
- ✚ Your local postmaster. The U.S. Postal Service investigates fraudulent mail practices.
- ✚ The advertising manager of the publication that ran the ad. The manager may be interested to learn about the problems you've had with the company.

**For More Information**

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint online, visit [https://rn.ftc.gov/pls/dod/wsolcq\\$.s tartup?Z\\_ORG\\_CODE=PU01](https://rn.ftc.gov/pls/dod/wsolcq$.s tartup?Z_ORG_CODE=PU01) or to get free information on consumer issues at [www.ftc.gov/ftc/consumer.htm](http://www.ftc.gov/ftc/consumer.htm).

Also visit [www.ftc.gov](http://www.ftc.gov) or call toll-free, 877-382-4357; TTY: 1-866-653-4261. The FTC enters internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel at [www.consumer.gov/sentinel/](http://www.consumer.gov/sentinel/) a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

**Tips for Business Success**

*SBA Small Business Winner,  
Omni Tech Offers Tips for  
Success*

**VALUES AND BELIEFS**

Having a statement which defines what the business is and what it stands for can be beneficial in many ways. Often times when management does an exit interview on an employee who is leaving the company, they find out that many did not fit into the organization. What they believed in and thought important was different than the way the owners of the business thought. If you have a values and belief statement, you can give this to a prospective employee after the first interview where you think the

person might be a good fit for your business. Upon reading the "statement", if the person feels comfortable with what they read, you can proceed further in the interview process.

Customers and suppliers are also interested in finding out who they are dealing with, so you can share your values and beliefs statement with them also.

Also, when management wrestles with issues of running the company, you should always bring up the question "is our solution in concert with our values and beliefs?" If the solution isn't – seek a better solution.

**YOU DON'T KNOW WHAT YOU DON'T KNOW**

How many of us say "if I would have known many years ago what I know today, a lot of things in my life would have turned out differently?" Having more knowledge of what is going on around you will have you making less mistakes and better decisions. You should be looking hard for what you don't know. Read business books, talk to business friends about their experiences. Join groups that meet regularly to share problems and experiences with. Many of the unique problems you have are not so unique. Other people have the same problems and you can learn how others handled the problems. First it's nice to learn that others have had the same problems you do and then it's great to learn how others solved these problems.

Continually be aware that you do not know everything that you need to know to run your business and life. Look around you and seek

those things that can do great harm to you and face and solve them before they do you in. Be proactive rather than reactive. Your chance of success is much greater if you act proactively.

**Women's Equality Day Celebrated in August**

On August 26<sup>th</sup>, 1920 the 19<sup>th</sup> Amendment to the United States Constitution, which granted women the right to vote, was ratified. This was the culmination of the long struggle by women searching for the right to vote. In 1971, the U.S. Congress designated August 26<sup>th</sup> as Women's Equality Day to commemorate the passage of the 19<sup>th</sup> Amendment and to celebrate women's continuing efforts toward equality.

We celebrate Women's Equality Day to commemorate the tremendous positive change brought on by the Women's Movement. Due to the countless millions of women who planned, organized, lectured, wrote, petitioned, lobbied, paraded, and broke new ground in every field imaginable, our world is irrevocably changed. Women and men of our generation, and the ones to follow us, are living the legacy of the women's rights won against staggering odds in a revolution achieved without violence. Women can be proud of the legacy of the Women's Rights Movement. Today's activists remind us all to celebrate and cherish past and present accomplishments of the Women's Movement before they are lost to history.

**WISCONSIN SBA'S  
CALENDAR OF EVENTS  
OFFERING  
SMALL BUSINESSES  
CLASSES, ONGOING  
SEMINARS, TRAINING  
OPPORTUNITIES,  
AND MORE,  
CLICK HERE TO VIEW  
CALENDAR**

**CONTACT  
INFORMATION FOR  
LENDERS**

[www.sba.gov/wi/wilenderinfo.pdf](http://www.sba.gov/wi/wilenderinfo.pdf)

Processing, Servicing and Purchasing centers with contact names and phone numbers

**SBA Lenders for  
July 2004**

**Amcore Bank NA Rockford**  
Rockford, IL – 4 Loans for \$1,260,000

**American National Bank Fox Cities**  
Appleton – 1 Loan for \$35,000

**Associated Bank NA**  
Green Bay – 19 Loans for \$4,397,600

**Bank One NA**  
Columbus, OH  
2 Loans for \$117,900

**Bank One NA**  
Chicago, IL  
2 Loans for \$47,900

**Baylake Bank**  
Sturgeon Bay  
3 Loans for \$2,273,000

**BLC Community Bank**  
Little Chute – 1 Loan for \$100,000

**Cambridge State Bank**  
Cambridge – 1 Loan for \$223,000

**Capital One Federal Savings Bank**  
Falls Church, VA  
13 Loans for \$510,000

**CIT Small Business Lending Corp.**  
Morristown, NJ  
1 Loan for \$1,273,000

**Community Bank and Trust**  
Sheboygan – 5 Loans for \$966,000

**Community First CU**  
Appleton – 1 Loan for \$150,000

**Cornerstone Community Bank**  
Grafton – 4 Loans for \$405,000

**F&M Bank- Wisconsin**  
Kaukauna – 1 Loan for \$212,400

**First Bank Financial Centre**  
Oconomowoc – 1 Loan for \$20,000

**First Banking Center**  
Burlington – 1 Loan for \$24,000

**First Citizens State Bank**  
Whitewater – 2 Loans for \$60,000  
East Troy – 1 Loan for \$100,000  
**Total: 3 Loans for \$160,000**

**First National Bank of Barron**  
Barron – 1 Loan for \$70,000

**Fox Communities CU**  
Appleton – 1 Loan for \$65,000

**Hometown Bank**

Saint Cloud – 1 Loan for \$700,000

**Innovative Bank**

Oakland, CA  
1 Loan for \$6,000

**Investors Community Bank**

Manitowoc – 1 Loan for \$50,000

**Johnson Bank NA**

Janesville – 1 Loan for \$306,000

**Legacy Bank**

Milwaukee – 1 Loan for \$720,000

**M&I Marshall & Ilsley Bank**

Milwaukee – 34 Loans for  
\$3,995,400

**Monona State Bank**

Monona – 3 Loans for \$425,400

**Oak Bank**

Fitchburg – 1 Loan for \$375,000

**Park Bank**

La Crosse – 3 Loans for \$348,000

**Peoples Bank of Wisconsin**

Hayward – 1 Loan for \$100,000

**Peoples State Bank**

Wausau – 1 Loan for \$51,000

**Racine County Business  
Development Corp.**

Racine – 2 Loans for \$557,000

**River Valley State Bank**

Merrill – 1 Loan for \$315,500

**S&C Bank**

New Richmond  
2 Loans for \$654,000

**State Bank of Chilton**

Chilton – 1 Loan for \$1,685,000

**The Business Bank of  
Fox River Valley**

Appleton – 2 Loans for \$1,121,000

**The First National Bank  
Fox Valley**

Menasha – 3 Loans for \$300,000

**The Riverbank**

Osceola – 2 Loans for \$132,000

**Twin Cities-Metro  
Certified Development**

Arden Hills, MN  
1 Loan for \$281,000

**United Bank**

Osseo – 1 Loan for \$130,000

**US Bank NA**

Cincinnati, OH  
6 Loans for \$606,100

**US Bank NA**

San Diego, CA  
2 Loans for \$269,400

**Waukesha State Bank**

Waukesha – 7 Loans for  
\$1,992,000

**Wells Fargo Bank  
Minnesota NA**

Minneapolis, MN  
2 Loans for \$545,000

**Wells Fargo Bank NA**

San Jose, CA  
4 Loans for \$1,068,000

**Western Wisconsin  
Development Corp.**

Almena – 2 Loans for \$680,000

**Wisconsin Business  
Development Finance Corp.**

Monona – 15 Loans for  
\$7,869,000

**Wisconsin Community Bank**  
Cottage Grove – 1 Loan for  
\$150,000

**Microlenders for  
July 2004**

**Lincoln Neighborhood  
Redevelopment Corp.**  
1 Loan for \$35,000



# 2005 SBA SMALL BUSINESS AWARD NOMINATION

Help us recognize outstanding leaders in the small business community

## AWARD CATEGORIES

Please check one or more potential categories:

- Small Business Person of the Year:** For developing an outstanding, growing business; innovative product(s), increasing jobs, increasing sales, overcoming adversity, and community contributions.
- Small Business Exporter of the Year:** Significantly increased export sales and profits, encouraging other firms to export, increased jobs through exports, and innovative methods of creating markets.
- SBA Young Entrepreneur of the Year:** Owner will not reach 30<sup>th</sup> birthday by June 1, 2002, three-year evidence of success in sales and profits, increased jobs, innovative products, demonstrated potential.
- Entrepreneurial Success Award:** Must own and operate a business that was launched “small” by SBA size standards, received SBA assistance and has since grown into a large business.
- Minority Small Business Person of the Year;** For developing an outstanding, growing business, innovative products, overcoming adversity and community contributions.
- Emerging Small Business Person** (Wisconsin Award only) For developing an outstanding business with under 25 employees, under \$2.5 million in sales and less than 10 years in business

**Small Business Advocates of the Year:** Those who promote small business, including volunteering time and services to small business interests and groups, advocating the cause of small business in the legislative process. Advocates may or may not be small business owners.

- Minority Small Business Advocate of the Year**
- Veteran Small Business Advocate of the Year**
- Small Business Legal Assistance WI award**
- Financial Services Advocate (Accountant advocate merged with this category)**
- Home Based Business Advocate of the Year** – Those who have sought to improve the climate for home based businesses
- Women in Business Advocate of the Year**
- Small Business Journalist of the Year**
- Family-Owned Small Business**

## NOMINEE INFORMATION

I nominate \_\_\_\_\_ Title \_\_\_\_\_

Company/Organization \_\_\_\_\_ Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Nominee’s Qualifications for this Award—give short description (please attach brief statement on why this business/advocate should be considered):

When nominating a business owner please complete the following: Is the company operating profitably \_\_\_\_\_  
# of years in business \_\_\_\_\_ # of employees \_\_\_\_\_ annual sales \$ \_\_\_\_\_ SIC/NAICS code \_\_\_\_\_

## NOMINATOR’S INFORMATION:

Nominator Name \_\_\_\_\_ Title \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Reply by **OCTOBER 1, 2004** mail (or fax 414-297-1377) this form to:  
Small Business Awards Committee, U.S. Small Business Administration  
310 West Wisconsin Avenue, Suite 400  
Milwaukee, WI 53203

For more information, please contact: (414) 297-1093 Self-nominations accepted. This form may be duplicated. **For further consideration, a nomination binder with detailed materials will be requested.** SBA will contact the nominator with details. Thanks for your support!