

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
October 2003

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

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Small Business Day Event



Keynote Speaker
Eric Ness, Wisconsin SBA Director

A celebration for small businesses took place in West Bend on September 30, 2003 at the Annual Meeting & Luncheon 2002-2003 of the West Bend Area Chamber of Commerce.

The event was organized by the West Bend Chamber and consisted of a kick-off celebration with public officials, the Chamber's Annual Luncheon featuring Wisconsin SBA Director, Eric Ness as the keynote speaker, seven business workshops, a small business expo with over 50 exhibitors and an awards ceremony recognizing six recipients.

Several SBA employees participated in the event conducting workshops and manning a booth displaying what SBA has to offer.

The event was a great success with over 200 people in attendance.

SBA Sets 50-Year Record in Loans to Small Businesses

A record number of small businesses turned for credit assistance to the U.S. Small Business Administration over the past year, producing a 29 percent increase in the total number of loans backed by the agency in FY 2003, including sharp jumps in the number of loans to women, minorities and veterans.

During the fiscal year ending September 30, the SBA backed 76,465 loans to small businesses in the agency's three major loan programs. In Wisconsin, SBA backed 1,417 loans in the Agency's 7(a) and 504 loan programs.

"These loans demonstrate our commitment to meeting the unique financing needs of small businesses everywhere, and the impressive increase we have posted for the past year, validates our approach to making smaller loans more readily available to the real job creation engine of our economy,"

"By focusing on a smaller average loan size, we are leveraging our resources to assisting more small businesses and creating more jobs. Based on statements from our borrowers, our financial backing helped the small businesses of America create or retain more than 526,000 jobs."

The overall increase in loan approvals under the SBA's three major loan programs, the 7(a) General Business Loan Guaranty program, the Certified

Development Company (or 504) loan program and the Microloan program, came to 29.8 percent, reflecting an increase from 59,563 loans in FY 2002 to 76,465 loans in FY 2003.

Strong increases were registered in the two larger programs: 7(a) loans were up by 30.3 percent and 504 loans rose by 25.2 percent. In Wisconsin, the increase in 7(a) loan approvals came to 20 percent, reflecting an increase from 1,072 loans in FY 2002 to 1,286 loans in FY 2003. The increase in 504 loan approvals came to 11 percent, reflecting an increase from 118 loans in FY 2002 to 131 loans in FY 2003. Nationwide, the number of Microloans fell slightly, by 5 percent.

In total, loans to small businesses owned by minorities increased by 38 percent, from 15,836 in FY 2002 to 21,830 in FY 2003. Within that total, loans to African Americans increased by 61 percent, loans to Hispanic Americans increased by 39 percent, loans to Asian Americans increased by 31 percent and loans to Native Americans increased by 18 percent.

Loan approvals for women small business owners increased by 33 percent, to 16,503 loans, and loans to veteran-owned small businesses rose by 22 percent, to 7,413 loans.

SBA Revamps 504 Loan Program

The U.S. Small Business Administration is modifying its 504 Certified Development Company Program to encourage creation of new lenders, expansion of the territories they serve, and, ultimately, improve the delivery of the program to small businesses and further spur job creation.

The new rules were published in the Federal Register October 7, and will become effective 30 days after publication. The most significant changes affect the program's lenders, or

Certified Development Companies and their organizational structure, as well as steps to form a new CDC or expand the territory of an existing one.

Some highlights of the changes are:

- More flexible membership requirements for CDCs;
- Greater authority to approve more non-standard projects;
- Expansion of the areas of operation to allow all CDCs statewide coverage; and
- Elimination of rules requiring a minimum number of loans by each lender.

Demand for loans under the 504 Program has not reached the maximum budgetary authority for many years, although the program registered a record \$3.16 billion in loans in the most recently completed fiscal year. The program's authorization maximum for the year, however, was \$4.5 billion.

With the new rules, the SBA is taking steps to increase the availability of a program whose flexibility is vital for the small business community.

The 504 Program, originally created in 1986, provides long-term, fixed-rate financing to small businesses at favorable rates for fixed-asset financing as a means to foster economic development and create and preserve jobs in urban and rural areas.

From 1986 to 2002, the 504 Program created or retained more than 1.5 million jobs, averaging approximately \$13,600 of debenture per job.

504 On-Going Guarantee Fee

On-Going Guarantee Fee Adjustment

Each fiscal year the on-going fee paid by 504 borrowers to SBA is adjusted as part of the fee structure required to cover the costs of the 504 program associated with loan defaults, and to

keep the 504 program at a zero subsidy rate.

Beginning October 1, 2003, the SBA FY 2004 on-going guarantee fee is **0.393** of one percent. This is a decrease from the FY 2003 fee of 0.425 of one percent.

SBA has notified Colson Services Corp. of this change.

504 Authorizations

The fee in the "wizard" 504 authorization will default to the FY 2003 fee of "0.425" in Paragraph B.6. **For any 504 loans approved on or after October 1, 2003, the preparer of the loan authorization must fill in the new value of "0.393" until the next version of the 504 Authorization is issued**, which will have a corrected default value.

Status of SBA's Authority to Charge Guarantee Fee and Approve 504 Loans

Statutory authority to charge borrowers this on-going guarantee fee expires for loans approved after September 30, 2003 (see 15 U.S.C. 503(f)). However, Congress has passed a Continuing Resolution that contains temporary authority to charge this fee for new 504 loans approved before October 31, 2003 (i.e., **for loans approved by the official close of business time**, in the SBA office responsible for approving that 504 loan, **on October 30, 2003**). If there are any changes to this authority, we will provide information as soon as it becomes available.

SBA to Launch 11-City Economic Growth Tour

The U.S. Small Business Administration is launching an 11-city economic growth tour to meet with local entrepreneurs across the country and discuss issues important to spurring job creation.

“Small businesses play a vital role in creating opportunity for millions of Americans,” said Hector V. Barreto, SBA Administrator. “It is critical that we create an environment where entrepreneurship can flourish by giving small businesses a break on their taxes whenever possible, making their health insurance more affordable, and providing them with the information they need to succeed. It’s also important that we help small business while saving taxpayer dollars by ensuring open competition to government contracts. Finally, tearing down regulatory barriers to job creation must remain a priority of government agencies – both state and federal.”

“I am looking forward to bringing SBA’s economic growth tour to cities from Maine to New Mexico,” said Barreto. “These conferences allow us to meet with small business owners across the country, and hear firsthand what we can do to ensure even greater success.”

The regional events will enable entrepreneurs and small-business owners to meet with their local bankers, venture capitalists, resource and trade partners, and local SBA staff to get information about starting a new small business or advance an existing one. There will be a luncheon with officials from the SBA and representatives from each local community to discuss the challenges of owning a small business and how to improve opportunities for entrepreneurs.

Wisconsin will be hosting the Region V event in Green Bay on March 22, 2004.

This year marks the 50th anniversary of the SBA. Since 1953, the SBA has helped more than 20 million Americans start, grow and expand their businesses – placing more than \$232 billion in direct or guaranteed loans and venture capital into the hands of entrepreneurs.

For information about the SBA’s 50th anniversary, go online to www.sba.gov/50.

Hewlett Packard (HP) is cosponsoring the events and will provide live web casts of many of the events.



For more information, visit www.sba.gov/50/regionevents.html.

New Economic Development Plan for Native American Small Business Owners

SBA Administrator Hector V. Barreto announced a new agency initiative to provide the nation’s Native American communities with economic development services and small business opportunities for the most disadvantaged tribal areas.

The SBA and the Southwest Indian Polytechnic Institute (SIPI) have entered into an interagency agreement to increase Native American participation in the SBA’s entrepreneurial development programs.

“The SBA is committed to building working relationships with tribal communities and the public/private sector that support and spur economic growth for Native Americans,” said Barreto. “The development of Native American-owned small businesses is paramount to the lifeblood of tribal communities. SIPI is known for its academic strides at improving the economic and social quality of life in tribal nations.”

SIPI will receive \$531,000 to develop and implement a small business development training program for Native American small businesses by customizing the SBA’s programs and services

to meet the needs of tribal small business communities. The training program will include sessions on how to start and grow a small business. They will be conducted in reservation communities across the country to reach the most isolated tribal areas of Native American small business owners.

SIPI, a two-year tribal college providing technical and higher education opportunities to American Indian and Alaskan Native students, is funded by the Bureau of Indian Affairs, Department of Interior. The fully accredited institute is seen by American Indian and Alaska Native communities throughout the United States as a partner in the efforts of their communities to be economically competitive, culturally enriched and socially cohesive.

The SBA’s Office of Native American Affairs coordinates and directs agency-wide programs to promote, expand and enhance small business opportunities and services for Native Americans and tribal governments.

SBA Spanish Language Web Site Offers Online Course for Entrepreneurs

The SBA is offering an interactive online course for Spanish-speaking entrepreneurs on its Spanish language Web site, www.negocios.gov.

The 9-session interactive course – titled “My Own Business” – was developed by My Own Business, Inc., a nonprofit firm founded in 1992 by a successful entrepreneur to develop and provide educational materials on entrepreneurship. The courses cover such topics as writing a business plan, marketing and e-commerce, and are offered through a joint effort between the SBA and My Own Business Inc. to provide a free, comprehensive online

entrepreneurship course for small business owners and aspiring entrepreneurs.

The SBA established its Spanish language Web site a year ago. The site contains information about SBA programs and services and provides a wide range of useful information for entrepreneurs. Since its inception, the Web site has logged almost 3 million hits with the number of visitors steadily growing.

Thinking About Starting a Franchise Business?

The SBA, in partnership with FRANDATA Corporation, created a central registry area at www.franchiseregistry.com/Registry/ where you can search for a franchise.

The Registry lists names of franchise companies whose franchisees enjoy the benefits of a streamlined review process for SBA loan applications. Loan applications for registered franchisors can be reviewed and processed quickly and efficiently. Small business owners get better service and quicker loans.

Participation in the Registry is voluntary. If a franchisor chooses not to participate in this streamlined review process, loan applications by its franchisees will still be reviewed individually by SBA or its lenders.

SBA offers an online publication called "Is Franchising for Me" workbook at www.sba.gov/opc/pubs/fran.pdf. By the end of this workbook, you will be able to decide if going with a franchise is the best business option for you.

The Online Women's Business Center offers Pros and Cons about operating a Franchise; you can view this at

www.onlinewbc.gov/docs/starting/franchises.html.

Note: Any franchise operating in Wisconsin must register with the Department of Financial Institutions (DFI), Securities Division at (608) 261-9555. It is also advisable for a business lawyer to review the franchise offering a circular and contract before you sign. This contract governs the relationship between the franchiser and franchisee and is legally binding. See the Wisconsin Franchise Investment Law at www.wdfr.org/fi/securities/franchise/bdgerreg.htm.

Lenders: Lenders no longer have to review contracts for franchisee loan applications from eligible systems. If the franchise system is on the registry, you may accept a "Certificate of No Change or Non-Material Change" in lieu of reviewing the contract. www.franchiseregistry.com/Forms/CertificationofNoChange.htm.

For Express, PLP and PCLP CDC SBA lenders, to receive your individual user name and/or password for the private section of the franchise registry, contact Sandy Lear at sandy.lear@sba.gov. Please be sure to include your full bank name, Polk number, street address, and a phone number where you can be reached.

SCORE Corner

Volunteers Wanted

SCORE – Counselors to America's Small Businesses, needs additional experienced business men and women. SCORE, working through the Small Business Administration, counsels people who wish to start a business and people with existing businesses who need help. SCORE also offers a Small Business Workshop that teaches business fundamentals needed for business startup. Retired persons will find this a very interesting and rewarding volunteer experience.

For more information, call Carole Kauss at the Southeastern office in Milwaukee at (414) 297-3942 or send your resume to:

SCORE
Attn: Membership Chairperson
310 W. Wisconsin Avenue
Suite 425
Milwaukee, WI 53203

Editor's Note

LENDER YEAR-END TOTALS

Once again this year, we will be adding the Lender Year-End totals only to the Newsletters going to the Lenders. If you wish to have a copy of the Lenders Year-End Totals, please contact Cindy Merrigan at (608) 441-5560 or email her at cindy.merrigan@sba.gov.

SBA Lenders for September 2003

Amcore Bank NA Rockford
Rockford, IL - 1 Loan for \$23,900

Associated Bank NA
Green Bay – 23 Loans for \$3,026,300
Neenah – 1 Loan for \$132,000
Total: 24 Loans for \$3,158,300

Associated Bank Minnesota NA
West St. Paul, MN - 1 Loan for \$140,000

Associated Bank Illinois
Rockford, IL-1 Loan for \$50,000

Bank Mutual
Milwaukee – 1 Loan for \$25,000

Bank One NA
Chicago, IL-1 Loan for \$10,000

Baylake Bank
Sturgeon Bay – 3 Loans for \$375,700

Bremer Bank NA
Amery – 1 Loan for \$150,000
New Richmond – 1 Loan for \$150,000
Total: 2 Loans for \$300,000

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Business Bank of Fox River Valley

Appleton – 1 Loan for \$264,875

Capital One Federal Savings Bank

Falls Church, VA - 6 Loans for \$320,000

Community Bank & Trust

Sheboygan – 11 Loans for \$2,337,000

Community Bank of Grafton

Menomonee Falls - 3 Loans for \$175,000

Community First Bank

Stevens Point – 2 Loans for \$190,000

Community First CU

Appleton – 1 Loan for \$149,000

Community State Bank

Union Grove – 2 Loans for \$350,000

Covantage Credit Union

Antigo – 1 Loan for \$71,400

F&M Bank-Wisconsin

Kaukauna – 1 Loan for \$60,000

Farmers & Merchants Bank & Trust

Marinette – 1 Loan for \$116,000

First Bank Financial Centre

Oconomowoc – 1 Loan for \$150,000

First Banking Center

Monroe – 1 Loan for \$117,000
Burlington – 1 Loan for \$60,000

Total: 2 Loans for \$177,000

First National Bank Fox Valley

Menasha – 1 Loan for \$1,900,000

Grafton State Bank

Grafton – 1 Loan for \$450,000

Great Lakes Asset Corporation

Green Bay – 3 Loans for \$1,291,000

Hometown Bank

Saint Cloud – 3 Loans for \$1,130,000

Investors Bank

Pewaukee – 1 Loan for \$150,000

Johnson Bank

Racine – 1 Loan for \$50,000

M&I Marshall & Ilsley Bank

Milwaukee – 33 Loans for \$4,420,700

Middleton Community Bank

Middleton – 1 Loan for \$130,000

Monona State Bank

Monona – 2 Loans for \$45,000

National Exchange Bank & Trust

Fond du Lac – 1 Loan for \$38,966

Park Bank

Holmen – 1 Loan for \$150,000

La Crosse – 1 loan for \$43,500

Total: 2 Loans for \$193,500

Peoples Community Bank

Johnson City, TN - 1 Loan for \$100,000

Peoples State Bank

Prairie du Chien - 2 Loans for \$204,075

Racine County Business Development Corp.

Racine – 1 Loan for \$147,000

River Bank

La Crosse – 1 Loan for \$246,000

Holmen – 1 Loan for \$57,500

Total: 2 Loans for \$303,500

River Cities Bank

Wisconsin Rapids - 2 Loans for \$170,000

Saint Francis Bank FSB

Milwaukee – 1 Loan for \$35,000

Temecula Valley Bank NA

Knoxville, TN - 1 Loan for \$1,333,000

Town Bank

Delafield – 1 Loan for \$105,886

News and Views

Tri City National Bank

South Milwaukee - 1 Loan for \$160,000

US Bank NA

Cincinnati, OH - 13 Loans for \$1,294,900

Waukesha State Bank

Waukesha – 5 Loans for \$1,480,000

Wells Fargo Bank Minnesota NA

Minneapolis, MN - 6 Loans for \$1,052,000

Wells Fargo Bank NA

San Jose, CA – 3 Loans for \$85,000

Wells Fargo Bank Wisconsin NA

Milwaukee – 2 Loans for \$350,000

Western Wisconsin Development Corp.

Almena – 1 Loan for \$361,000

Wisconsin Business

Development Finance Corp.

Monona – 18 Loans for \$8,715,000

Micro Lenders for September 2003

Lincoln Neighborhood Redevelopment Corp.

1 Loan for \$10,000

Wisconsin Women's Business Initiative Corporation

4 Loans for \$98,000

To Wisconsin SBA Calendar of Events