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West Virginia District Office**

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West Virginia Calendar of Events:
<http://app1.sba.gov/calendar/states/calendar.cfm?op=group&grp=72>

In this issue:

District Director Message	page 1
Online Loan Training	page 2
Loan Program Changes	page 2
Small Business Week	page 3
Women's Business Center	page 3
MED Week	page 4
Community Express	page 4
Resource Guides	page 4

For More Information

- SBA Answer Desk:
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- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness:
1-888-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.

***MESSAGE FROM WEST VIRGINIA
DISTRICT DIRECTOR
JUDY K. MCCAULEY***



In order for the West Virginia District Office to accomplish our goal of assisting small businesses, we must first ensure all our resource partners and customers understand the programs and services SBA offers. Therefore, we are gearing up for 2005 to be a year of training, partnering and reaching out to our resource partners and customers.

The first step is to make certain we are always available to help, assist with the paperwork, answer questions and provide training. We are willing to come to your office and provide training for your team of loan officers or provide one-on-one training to help you develop a workable approach to closing an important loan.

In addition, you can relax in your office, put your phone on hands free mute and participate in our regular "Everything You Wanted to Know About SBA Lending But Were Afraid to Ask" training via the Internet. (See details on page 2.) No Cost! No Registration! But, feel free to ask lots of questions. The course is held on the first and third Wednesday of each month, beginning promptly at 1:00 pm. If you like the training let us know what other training topics we can make available electronically to assist you.

The West Virginia District Office, along with our resource partners are committed to the revitalization of West Virginia's economy. We know in West Virginia small business is truly big business. Small business is the key to our success. SBA, along with our 14 Small Business Development Centers located throughout the state, must ensure our small businesses are ready to go after financing with a solid business plan and clear financial projections. Please contact us if you know of a small business that needs our assistance.

Online Loan Training

The West Virginia District Office is now offering a bi-monthly online loan training program entitled, "Everything You Wanted To Know About SBA Lending But Were Afraid To Ask!"

The training provides the opportunity for you to learn about SBA's loan programs without leaving the comfort of your office. The training program, conducted by staff members of our office, also provides a forum for questions you may have about SBA's loan programs. Be it 7(a), LowDoc, SBAExpress, CAPLine, Export Working Capital, International Trade, 504 or the Microloan programs, our staff is available to answer any questions and concerns you may have.

The program utilizes the ReadyTalk conferencing system and allows you to participate via the telephone and Internet. There is **no cost** or **no pre-registration** required to participate.

The training is held the first and third Wednesday of each month, beginning promptly at 1:00 p.m.

To access the audio portion of the training, call 1-866-740-1260 and enter the access code of 3039002 when prompted. To join the Web Conference portion, access ReadyTalk at www.readytalk.com and select "Join a Conference," entering the same access code of 3039002. First time participants can test their browser compatibility prior to the call by accessing www.readytalk.com/test.html. If you only have access to a telephone, you can still participate in the audio portion of the program. Those who only logon to the Internet will **not** hear the audio portion of the program.

Please Note: If you have only one telephone line which limits your access to the Internet portion of the program, you may contact us via email at Naomi.bassel@sba.gov prior to the program and we will send you a copy of the slide presentation. **Be sure** to specify what format you would like the slides, either *Microsoft PowerPoint* or *Adobe PDF*. Please contact Naomi at (304) 623-5631 ext. 225 if you have questions or need assistance. You may also contact Naomi with suggestions and topics you would like for us to cover or incorporate in our training program.

Please join us as we help you dispel the myths and rumors of SBA lending and familiarize you with our various loan programs!

Recent 7(a) and 504 Loan Program Changes

Effective October 1, 2004, the following changes were made to SBA's 7(a) and 504 Loan Programs. These changes are in part the result of Continuing Resolution H.J. Res. 107 ("CR"), which will be in effect until November 20, 2004, and the expiration of certain temporary statutory provisions.

7(a) Program Guaranty Fee (Under 13 CFR 120.220(a))

Loans in the amount of \$150,000 or less, which was 1 percent of SBA guaranteed portion through Sept. 30, now has a 2 percent guaranty fee. The lender is **again permitted** to retain 25 percent of the fee.

Loans from \$150,001 to \$700,000, which had a 2.5 percent guarantee fee through Sept. 30, now has a 3 percent guaranty fee.

On loans \$700,001 and higher, the guaranty fee of 3.5 percent remains the same.

SBA-Guaranteed Portion of Loan Amount

The maximum **guaranteed** portion has reverted to \$1 million effective October 1, 2004 while the

gross amount remains at \$2 million.

Lender Annual Service Fee (Under 13 CFR 120.220(f))

The fee through Sept. 30 was 0.36 percent of the outstanding balance of the SBA guaranteed portion. Beginning October 1, 2004, the fee is 0.50 percent of the outstanding balance of the SBA guaranteed portion.

Commercial Loan Fee (Combination Financing created by Public Law 108-217 as of April 5, 2004)

Through Sept. 30, the fee was 0.7 percent of the amount of the commercial loan in a senior lien position. Beginning October 1, there is no such fee (Combination Financing expired on Sept. 30).

For the previously outlined program changes, the fees beginning October 1, 2004 are effective for loans **approved** on or after said date. The fees on loans approved by SBA prior to Sept. 30, 2004 (which must include the issuance of a SBA loan number and obligation of SBA funds), will revert to fee structure in effect before Sept. 30, 2004.

Other Changes

7(a) Loan Guaranty Limit

The loan guaranty limit under section 7(a)(3)(A) of the Act was temporarily increased from \$1.0 million to \$1.5 million (as a result of PL 108-217). This provision expired on Sept. 30, 2004. As a result, beginning October 1, 2004, the maximum guaranty permitted under this section is again \$1.0 million.

Combination Financing/Piggyback Financing

PL 108-217 also established a temporary new financing vehicle entitled "Combination Financing." The financing was comprised of a loan guaranteed under the 7(a) Loan Program and a commercial loan not guaranteed by the Federal government.

In most cases, the SBA guaranteed loan was subordinate to the commercial loan. PL 108-217 provided that if the commercial loan was in a senior lien position, the lender participant of the SBA guaranteed loan was required to pay SBA an additional fee of 0.7 percent of the commercial loan amount. The combination financing provisions expired on Sept. 30, 2004, and as a result, beginning October 1, 2004, "Combination Financing" is not allowed. Any provisions concerning Combination Financing that were imposed by SBA Policy Notice No. 0000-1727 are no longer effective. In addition, SBA's practice of allowing "piggyback financing," as defined in SOP 50 10 (4), was suspended on October 1, 2004, until further notice.

SBAExpress

The maximum loan amount for SBAExpress loans was temporarily increased from \$250,000 to \$2 million (as a result of PL 108-217). This provision expired Sept. 30, 2004. Accordingly, the maximum loan amount for SBAExpress loans **approved** on or after October 1, 2004 is again \$250,000, as set forth in the SBAExpress program guide dated October 1, 2002.

New 7(a) Wizard

SBA has altered the current 7(a) Authorization Wizard Version 2004 with a revised "7a Wizard 2004.1." 7a Wizard 2004.1 was available on October 4, 2004, to Lenders and SBA personnel at SBA's banking website at www.sba.gov/banking. Normally, there is a 30-day grace period for Lenders to incorporate the newest version of the wizard. However, as of October 4, 2004, Lenders must use 7a Wizard 2004.1 in order to ensure that they are meeting the requirements for 7(a) loans that became effective October 1, 2004.

For questions regarding 7a Wizard 2004.1, please submit them to the 7(a) Authorization e-mail box at Auth-7a@sba.gov.

504 Fee Change

Each fiscal year, the on-going guaranty fee paid by 504 borrowers to SBA under 13 CFR 120.971(d)(2) 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. For loans approved in FY 2005, the on-going guaranty fee for 504 loans is 0.288 of one percent. This is a decrease from the FY 2004 fee of 0.393 of one percent.

Questions

Lenders and CDC's with questions about SBA loan programs can contact our capital access team of David Manley or Roger Britton at (304) 623-5631 ext. 233 or 226 respectively or by email at david.manley@sba.gov or roger.britton@sba.gov.

How You Can Help A Small Business Receive The Recognition They Deserve

Each year since 1963, the President of the United States has designated one week as National Small Business Week (SBW). The highlight of SBW activities is the presentation of awards at the state and national levels. Small Business Week 2005 will honor the small business community's many contributions to the American economy and society.

We are now accepting nominations for the 2005 West Virginia Small Business Person of the Year and Small Business Champion (formerly Advocate) awards. Take just a few moments of your time to consider nominating a small business client, business associate, partner or a small business advocate in one of

the ten award categories.

Award categories include: **Small Business Person of the Year; SBA Family-Owned Business; Small Business Exporter; Young Entrepreneur; Minority Small Business Champion; Veteran Small Business Champion; Financial Services Champion; Home-based Business Champion; Women in Business Champion; and Small Business Journalist.**

Nomination packages must be received at the West Virginia District Office on or before **Friday, December 3, 2004.**

For nomination guidelines and required forms, visit the West Virginia District Office website at www.sba.gov/wv, look under the What's New? section and select the 2005 Small Business Week Information (pdf) link or contact Rick Haney at (304) 623-5631 ext. 230 or via email at Richard.haney@sba.gov.

Women's Business Center Opening in West Virginia

The Office of Women's Business Ownership is pleased to announce the issuance of a grant to the Region 1, Workforce Investment Board for the purpose of opening a Women's Business Center (WBC) in West Virginia. The Center will serve the communities of Beckley, Lewisburg, Princeton, Summersville, and Welch in rural West Virginia. The Center will be opening in the very near future.

America's 9.1 million women-owned businesses employ 27.5 million people and contribute \$3.6 trillion to the economy – yet women continue to face unique obstacles in the world of business. The WBCs provide long-term training, counseling and assistance in finance, management, marketing, procurement and the Internet. WBCs also address specialized topics such as home-based businesses, corporate executive downsizing and

welfare-to-work.

For more information on the WBC, contact Sharon Weaver at (304) 623-5631 x239 or via email at Sharon.weaver@sba.gov.

2004 Minority Small Business of the Year Named



Jayachandra "Jay" R. Reddy, Chairman and CEO of ProLogic, Inc., an information technology firm located in Fairmont, was recognized as the West Virginia Minority Small Business of the Year for 2004 at the annual awards ceremony recently held at the Charleston Civic Center.

Reddy began ProLogic, Inc. as a one man operation in 1995. Through hard work and dedication, he has grown the company to 125 employees with projects in ten different states.

Reddy credits the SBA's 8(a) business development program, and the dedication of his employees for the rapid growth of ProLogic.

"The assistance we have received from SBA has helped us understand the federal contracting process and enabled us to bid on and win government contracts," said Reddy. "You also can't grow unless you have good knowledgeable people that take the time to understand what your customers want and need."

Developing Lending Partnerships – Furthering Business Relationships

We at SBA would like to offer the West Virginia lending community a unique opportunity to

develop their client base. The grass roots of the West Virginia economy, and the economy of America, is small businesses. Just imagine where we would be without small businesses.

SBA recently piloted the Community Express loan program which provides financial assistance, capital access, and technical and management assistance to underserved segments of the small business community. The program provides working capital to a segment of the small business population that wouldn't otherwise be able to obtain financing on reasonable terms. The program was designed to increase lending to geographic areas generally comprising Low to Moderate Income areas (LMI) and to women, minorities and/or veterans.

Qualified small businesses receive loans in increments of 5, 10 or 15 thousand dollars with a 7-year term. There is no pre-payment penalty. The application requires minimal paperwork and no collateral.

How can this program benefit West Virginia lenders?

The present administrator of the Community Express program doesn't provide loans in excess of \$15K nor do they wish to provide basic banking services in West Virginia. Those who receive loans through this program would require a local West Virginia lender for everyday business transactions.

The program can be viewed as a germination process which nurtures business customers for the local lending community. Small businesses that receive loans through this program are more likely to require additional funding in excess of the \$15K maximum down the road. Nine times out of ten businesses are more stable as a result of the

initial influx of working capital and are evolving into an intricate part of the local business community. It also provides the lender an opportunity to sell retail products.

If you are interested in learning more about the benefits of this program, we would like to hear from you. Please contact Rick Haney (304) 623-5631 ext. 230 or by email at Richard.haney@sba.gov to schedule a roundtable event or meeting in your area.

We want to work with every lender to make the very best products and services available to West Virginia entrepreneurs. As small businesses grow, so does the economy.

Small Business Resource Guides Available

We are fortunate in the state of West Virginia to have a wealth of resources available to small business owners. The West Virginia District Office has brought those resources together in our Small Business Resource Guide, a "One-Stop" resource for entrepreneurs wanting to start or grow a business.

The Guide provides an overview of SBA programs and services. It is an excellent reference tool, addressing many areas of small business development as well as key contact information for major state and local organizations and agencies that are available to assist prospective small business entrepreneurs as they start and develop their business.

To request copies, contact the WV District Office at 1-800-767-8052 ext. 8 or by email at wvinfo@sba.gov. The information in the Guide is also available online at www.sbaguides.com, then selecting West Virginia in the Local Info drop-down window.