U.S. Small Business Administration

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LENDER NEWS

A Publication of the Des Moines District Office and Cedar Rapids Branch Office **March, 2005**

From the District Director's Desk

Meet Your Customer's Needs with SBA*Express*

Dear Lender:

The owner of the small shop down the street has received a sudden increase in orders. He/she is sitting across from your desk and has an immediate need for $25,000 in working capital. Your analysis shows a revolving line of credit would suit the business best. It's a stretch to do it under your normal credit policy.

Are you prepared to assist the customer in this scenario with a full set of tools? If you are an SBA*Express* lender you may very well be. The SBA*Express* program provides you an opportunity give the customer an unsecured loan up to $25,000. The maximum loan amount is $350,000 and you may use your own collateral policies and procedure for commercial loans. Yes, you can setup that revolving line of credit.

Can we meet the business's need for a timely response? With the SBA*Express* program, SBA's commitment is one business day turnaround. If you are on board with the E-Tran program we can do even better. I have attached a copy of an article on SBA*Express* and E-Tran that appeared in the January issue of the Iowa Banker Association's *Exchange* newsletter.

In return for the expanded authority provided by the *Express* program, lenders agree to accept a 50% guarantee. If your market includes low and moderate-income sectors of your community, or you're working with a woman, veteran, or minority-owned business and the business receives a program of technical assistance prior to and after loan, our Community *Express* program will give the above advantages along with our normal guarantee percentages. Give us a call to learn how to get onboard.

Sincerely,

Joseph M. Folsom
District Director

May 10th Small Business Conference in Davenport

Small businesses have big needs. That's why DavenportOne, the chamber, economic development arm, and downtown redevelopment entity for Davenport is offering its First Annual ***Small Business Conference***, May 10, 2005 from 7:30 am to 5:30 pm at the RiverCenter in downtown Davenport.

Small business owners and others from throughout Iowa and Western Illinois are invited to attend a day filled with professional educational opportunities, resources and networking. Such as:

- A variety of educational sessions presented by regional professionals on topics including *Gorilla Marketing on a Budget, Where's the Money: the Truth About Grants and Financing*, and many others.
- A resource station exhibit hall with more than 50 businesses specializing in small business needs ready to answer questions and offer solutions to the challenges that small businesses face. From consulting to human resources, marketing to staffing services, each vendor is selected on the basis of how they can help small businesses save money, make money and grow.
- A live broadcast of nationally acclaimed radio talk show StartupNation, featuring Jeff and Rich Sloan and a panel of successful entrepreneurs discussing how to turn business dreams into reality.
- A P.M. wine and cheese networking event, giving conference participants, exhibitors and educational session leaders a chance to further build business relationships and trade ideas.

An awards presentation honoring local small businesses that have had success over the past year rounds out the evening.

SBA Regional Administrator Sam Jones will be facilitating the session on "*Where's the Money: the Truth About Grants and Financing*" and will be presenting the 2005 Iowa Family-Owned Small Business of the Year Award to Jim Koehler of J. W. Koehler Electric, Inc. of Davenport.

Admission is $40 and includes: All educational sessions and materials including a CD of all presentation materials , Resource Station Exhibit Hall admission, StartupNation live radio show admission and Continental breakfast, lunch and P.M. networking event. For more information, visit ***www.sbc2005.com.***

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A Reminder on Assistance for Small Businesses Affected by Military Call-Ups

Military Reservist Economic Injury Disaster Loan Program

Low interest disaster loans are available to small businesses under the Military Reservist Economic Injury Disaster Loan Program (MREIDL). The purpose of this program is to provide funds to eligible small businesses to meet their ordinary and necessary operating expense that could not be met because an essential employee (or in some cases, the owner themselves) has been called to active duty in their role as a military reservist.

These loans are intended only to provide working capital needed to pay necessary obligations of the business until operations return to normal after the essential employee is released from active military duty. MREIDL funds cannot be used to take the place of regular commercial debt, to refinance long-term debt or to expand the business.

If you have a customer whose small business has been adversely affected due to the call-up of an essential employee, you can find more information at ***www.sba.gov/reservists/disloan.html*** or by contacting the SBA Disaster Office in Ft. Worth, TX at 1-800-366-6303.

Veterans Entrepreneurship and Small Business Development Act of 1999

This Act requires SBA to "encourage" 7(a) lenders and third party lenders on 504 loans to defer payments or provide other relief as appropriate on 7(a) guaranteed loans and 504 loans made to a qualified borrower ordered to active military duty. A "qualified borrower" is an individual who is an eligible reservist or National Guard member and who received an SBA loan prior to being ordered to active duty. Also included are businesses with an essential employee who has been ordered to active duty.

SBA is required under the Act to provide deferments of principal and interest payments due on any SBA direct loans, beginning on the date on which the eligible reservist is ordered to active duty. During the deferment period, SBA may, at its discretion, also reduce the interest rate on the loan.

Soldiers' and Sailors' Civil Relief Act of 1940

Lenders are reminded that the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, may impact loans, particularly existing loans, whether or not the loans are guaranteed by the SBA. For example, the interest rates on loans to and other obligations of individuals entering active military service may be limited to six percent (6%) per annum during the period of military service. Also, the Act may require that court proceedings against such individuals be suspended.

Although the Act does not apply to business entities (e.g., corporations), the Act would apply to both actions against a guarantor who was an active duty service member and actions against the collateral (e.g., a foreclosure) personally owned by him or her. Lenders should see their legal counsel for more information.

SBA Lender Activity Report for February

LENDER NAME	LOCATION	#	AMOUNT
Siouxland Econ. Dev. Corp.	Sioux City	8	$2,029,000
Wells Fargo Bank	Iowa	6	$666,200
Gateway State Bank	Clinton	3	$990,000
Black Hawk County Econ. Dev.	Waterloo	3	$237,000
First Bank	WDM	3	$207,300
Bank Midwest Minnesota	Minnesota	3	$164,600
Maquoketa State Bank	Maquoketa	2	$501,000
U.S. Bank	Iowa	2	$255,000
First Central State Bank	DeWitt	2	$161,000
Cedar Rapids Bank & Trust Co.	Cedar Rapids	2	$70,500
Bank of America	Iowa	2	$70,000
Capital One	Virginia	2	$60,000
Farmers State Bank	Marion	2	$25,000
Iowa Business Growth Co.	Johnston	1	$2,000,000
First Federal Bank	Sioux City	1	$461,200
Charter Bank	Johnston	1	$300,000
Iowa State Bank & Trust Co.	Iowa City	1	$201,200
Hills Bank & Trust Company	Hills	1	$150,000
Bankers Trust Company, NA	Cedar Rapids	1	$150,000

LENDER NAME	LOCATION	#	AMOUNT
Iowa Trust and Savings Bank	Emmetsburg	1	$145,000
Bank Iowa	Red Oak	1	$137,000
Freedom Financial Bank	WDM	1	$127,000
First American Bank	Fort Dodge	1	$125,000
Stearns Bank, NA	Minnesota	1	$120,000
Iowa State Bank	Des Moines	1	$110,000
Audubon State Bank	Audubon	1	$110,000
First National Bank - Muscatine	Muscatine	1	$107,900
Central Bank	Sioux City	1	$100,000
Farmers & Traders Svgs. Bank	Bancroft	1	$90,000
Dutrac Community CU	Dubuque	1	$88,000
State Bank & Trust	Nevada	1	$81,000
Quad City Bank & Trust Co.	Bettendorf	1	$70,000
Great River Bank & Trust	Davenport	1	$45,000
MidStates Bank	Harlan	1	$30,000
Iowa State Bank	Wapello	1	$21,000
Innovative Bank	California	1	$10,000
Peoples Bank	Rock Valley	1	$7,500

The following lenders in Iowa were participant lenders in the SBA's 504 loan program during the month of February

LENDER NAME	LOCATION	#	AMOUNT
Marion County State Bank	Pella	1	$2,778,000
American State Bank	Sioux Center	1	$980,000
Citizens State Bank	Sheldon	1	$415,000
Prime Bank	LeMars	1	$275,000
Security National Bank	Sioux City	1	$240,000
Central Bank	Sioux City	1	$225,000

LENDER NAME	LOCATION	#	AMOUNT
Iowa State Bank	Hull	1	$165,500
Peoples Bank	Rock Valley	1	$143,750
Peoples Bank	Sioux Center	1	$110,000
F&M Bank	Oklahoma	1	$105,000
First National Bank	Davenport	1	$103,750
Farmers State Bank	Marion	1	$100,000

Getting on Board with SBA*Express* and E-Tran

U.S. Small Business Administration

SBA

Your Small Business Resource

Are you looking to add to your competitive edge in assisting small businesses as a community banker? Are you interested in a program that includes a government loan guarantee for small businesses done with predominantly your own forms and a turnaround of less than a day? If so, read on. The Small Business Administration has two tools that you may wish to consider the SBA*Express* loan program and E-Tran. These tools may be just what you need to respond to your small business customer needs in today's competitive lending environment.

The SBA*Express* program provides an opportunity for you to obtain a fifty percent guaranty on a small business loan using mostly *your own forms* with an expedited approval process. Our commitment is *one* business day approval upon receipt of a complete and eligible loan request.

However, we can do even better than one day.

To be more responsive to lender and small business needs the SBA launched E-Tran as a Web based loan application interface for lenders. E-Tran is designed for use with commercial loan software applications. It provides a virtually seamless interface for the submission and electronic approval of your loan application to SBA. Approval of loan applications meeting eligibility and processing criteria can be a matter of *minutes*. (Yes, minutes.)

Three channels for accessing E-Tran to process SBA*Express* loans are through:

- A Web page where lenders can enter loan information for single loans;
- A secure Web site capable of accepting multiple applications simultaneously via an XML (Extensible Markup Language) file transfer;
- Software intermediaries that have E-Tran loan submission functionality built into their loan application programs.

E-Tran is presently being offered only to SBA*Express* lenders.

Information and criteria for participation in the SBA*Express* program and E-Tran can be found on the SBA Web site at *www.sba.gov/banking*. Review the Program Guide (pages 4 and 5) for the information on SBA*Express* and submit a request letter to Mike Davis, Sacramento Loan Processing Center, 501 I St, Suite 12-100, Sacramento, CA 95814-2322. Mike's phone number is (916)-930-2460 or contact our office at (515)-284-4422.

Information on E-Tran can be found under the E-Tran link on the Web site. Requests for E-Tran participation should be made to either Stephen Kucharski- (202)205-7551 *stephen.kucharski@sba.gov* or Glenn Hannon- (202)205-7122 *glenn.hannon@sba.gov.*

Still not convinced? Last year of the 176 SBA*Express* loans made in Iowa, 54 were made by a lender who does not have a physical presence in Iowa. Fifty six percent of the SBA 7(a) loans made this past year nationally were processed through the SBA*Express* program. We are here with a program and the tools that can assist you in maintaining that real competitive edge as a community banker. Check it out!