

THE LENDER'S ADVANTAGE

March 2011

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SBA BALTIMORE DISTRICT OFFICE

Startup America

www.sba.gov/startupamerica

"Startup America" is a White House initiative to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. This coordinated public/private effort brings together an alliance of the country's most innovative entrepreneurs, corporations, universities, foundations, and other leaders, working in concert with a wide range of federal agencies to dramatically increase the prevalence and success of America's entrepreneurs.

The core goals of Startup America are to increase the number and scale of new high-growth firms that are creating economic growth, innovation, and quality jobs; celebrate and honor entre-

preneurship as a core American value and source of competitive advantage; and inspire and empower an ever-greater diversity of communities and individuals to build great American companies.

Overall, Startup America, is aimed at: Expanding access to capital for high-growth startups throughout the country; Expanding entrepreneurship education and mentorship programs that empower more Americans not just to get a job, but to create jobs; Strengthening commercialization of the about \$148 billion in annual federally-funded research and development, which can generate innovative startups and entirely new industries;



SBA Administrator Karen Mills

Identifying and remove unnecessary barriers to high-growth startups; and Expanding collaborations between large companies and startups.

504 Debt Refinance

Small businesses facing maturity of commercial mortgages or balloon payments before Dec. 31, 2012, may be able to refinance their mortgage debt with a 504 loan from the U.S. Small Business Administration under a

new, temporary program. SBA will revisit the program later and may open it to businesses with balloon payments due after that date or those that can demonstrate strong need in other ways.

The new refinancing loan is structured like SBA's traditional 504, with borrowers committing at least 10 percent equity and working with third-party lending institutions and SBA-approved Certified Development Companies in the standard 50 percent/40 percent split.

Free training sessions on this new program have been scheduled, see page 4.

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District Director's Desk:

Small businesses play a vital role in job creation, economic recovery, global competitiveness, and the long-term strength of the Nation. The Small Business Administration (SBA)'s mission is to help Americans start, build, and grow businesses. Already, we've shown that, with relatively small cost to the taxpayers, we can deliver a big bang for the taxpayer's buck. For example, under the Recovery Act and the Small Business Jobs Act, we turned \$1.2 billion in subsidy into more than \$42 billion in lending support and increased the number of active SBA lenders at a time when traditional credit was frozen.



*Stephen D. Umberger
District Director, Baltimore*

We're a small agency with a big mission. Even though we will continually review our programs and make necessary cuts, we will continue to do everything we responsibly can to invest in our agency and our people so we can successfully carry out our mission of helping small businesses do what they do best: grow and create jobs.

With all the new loan information recently announced we have several training opportunities for our lenders (see Upcoming Events page 4) and we are still planning to do other trainings in the next few months. If you would prefer to have us come to your bank for a presentation, we would be happy to schedule a time. Please do not hesitate to contact us at 410-962-6195 x309

We have just finished the fifth month of our fiscal year and have a number of different lenders in our top 10 list. We actually have a lender that has done a \$5 million dollar 7a loan, which is our maximum 7a loan amount. See page 5 for the current rankings.

SBA Lending News:

Below are a few of the recent SBA notices. If you haven't seen them and would like a copy, just go to www.sba.gov click on the heading **For Lenders**, follow the link to the site, then click on **Notices** at the top of the right hand column for a list of all notices by date order. You can also send me an email.

SBA Policy Notice*CONTROL NO.: 5000-1197*

Changes to 504 Certified Development Company Loan Program Regarding Debt Refinancing Authorized by the Jobs Act
EFFECTIVE: 2/17/2011

SBA Information Notice*CONTROL NO.: 5000-1198*

New and Revised 504 Forms for Debt Refinancing under the Jobs Act
EFFECTIVE: 2-18-2011

SBA Procedural Notice*CONTROL NO.: 5000-1196*

Small Loan Advantage Program
EFFECTIVE: 2-14-2011

SBA Policy Notice*CONTROL NO.: 5000-1193*

Small Business Jobs Act of 2010: Changes to the Export Working Capital Program (EWCP) and the International Trade Loan Program (ITL)
EFFECTIVE: 1/26/2011

FYI News:

Small Business Assistance: SBDC Counseling with Mary Redmond, Howard County.

Mary M. Redmond is the business counselor in Howard County. Formerly the Training and Marketing Director for the Central Region MD SBDC, she has been with Center since 2007.

Her professional experience includes working for- large technology companies, such as IBM and StorageTek, in consulting and sales; small software and medical businesses, directing operations and management; and assisting clients in local economic development organizations.

Mary is also a certified Project Management (PMI) professional, having managed projects throughout her career. Mary is personable and enjoys working with and helping people.

A native of western Maryland, Mary graduated from the University of Baltimore with a Bachelor's of Science in Business Administration and a Master's of Business Administration with a concentration in Management.

Mary offers her consulting services for free and can be reached at:

Howard County Center for Business and Technology Development, 9250 Bendix Road, N. Columbia, MD 21045

Phone 410-313-6190 ; Email mredmond@ubalt.edu

The website is www.centralmdsbdc.org



If you have a business owner elsewhere in the state who needs assistance with marketing, management, loan preparation or general business counseling have them contact either SCORE at 800-634-0245 and

<http://www.score.org/index.html> or the SBDC at 877-787-7232 and <http://www.mdsbdc.umd.edu/> for "FREE" one on one business consulting assistance.

Banking News:

New Lenders Section of www.sba.gov

Beginning Monday, March 7 2011, www.sba.gov will feature an improved "**For Lenders**" section that offers improved tools and functionality for our lending partners. To ease the transition to the new section of the site, the archived banking site will remain available until May 1st.

Whether you've just recently become an SBA 7(a) lender, or have been one for years, you may want to consider signing up to become an SBAExpress and Patriot Express lender. Contact our office if you would like more information on the Express Programs, or how to sign up.

Congratulations to Severn Savings Bank, one of our newest SBA 7a lenders, located in Anne Arundel County.



Upcoming Events:

FREE Lender Training across Maryland: SBA, SBDC and Business Finance Group have signed a Co-Sponsorship agreement to do a number of different trainings/updates on the new and existing SBA 504 and 7a loan programs. The session dates and start times are as follows:

Thursday, March 16th 2:00 - 3:30 p.m. Location TBD - Hagerstown, MD

Wednesday, March 30th 9:00 - 10:30 a.m. College of Southern MD - Business & Industry Bldg, Room BI-104, 8730 Mitchell Road, LaPlata, MD

Wednesday, April 6th 9:00 - 11:00 a.m. University of Baltimore - 11 W. Mount Royal Avenue, Rm 225, Baltimore, MD 21201

Thursday, April 7th 7:30 - 9:30 a.m. The Chesapeake Room - 2264 Riva Road, 2nd Floor, Annapolis, MD

Tuesday, April 26th 10:30 - 12:00 noon Chesapeake College, Room EDC-27, 100 College Circle, Wye Mills, MD

To RSVP, contact Brenda Miller at bmiller@businessfinancegroup.org or 703-352-0504. Please indicate both the date and location of the event you plan to attend. Show up 1/2 hour prior to start of classes for networking opportunities.

Small Business Lending Conference: The Western PA Association of SBA-Guaranteed Lenders (WPASGL) invites all lenders and resource partners to return to the mountains for Quality Circle 2011 at Seven Springs Mountain Resort, Champion, Pennsylvania on March 16, 17 & 18, 2011. Questions, contact Rebecca Oldenski at (412)795-3221 or by e-mail at rebecca.oldenski@stbank.net

Save the date: Friday, May 20th -27th Annual Maryland Small Business Week Awards Breakfast, Martin's West, Woodlawn, Md. Don't miss the premier small business awards event of the year. Join us as we honor the Maryland winners of the National Small Business Week Awards Program. Meet this year's winners, hear their inspiring stories and network with area resource providers, state and local government officials and small business owners. The Baltimore District's Top Ten Lenders of Fiscal Year 2010 will also be honored at the event. Stay tuned for more information or contact Rachel Howard at 410-962-6195, ext. 330 or via email at rachel.howard@sba.gov.

Lender Rankings: October 1, 2010—February 28, 2011

<u>Lender Name 7a</u>	<u># Loans</u>	<u>Amount</u>
MANUFACTURERS & TRADERS TR CO	104	9,360,200
PNC BANK, NATIONAL ASSOCIATION	9	6,908,700
COMMERCEFIRST BANK	26	5,680,000
ACCESS NATIONAL BANK	1	5,000,000
SUSQUEHANNA BANK	7	4,355,600
WELLS FARGO BANK NATL ASSOC	6	4,148,700
SUNTRUST BANK	7	4,082,000
CAPITALSOURCE BANK	2	4,033,000
BRANCH BK. & TR CO	19	4,016,200
FIRST CHATHAM BANK	2	2,682,000
LIVE OAK BANKING COMPANY	4	2,575,000
CONESTOGA BANK	1	2,000,000
HOWARD BANK	12	1,970,000
UNITED CENTRAL BANK	2	1,786,000
MID-ATLANTIC FCU	3	1,399,000
EASTON BANK AND TRUST COMPANY	2	1,175,000
PACIFIC CITY BANK	3	1,051,000
CITIBANK, N.A.	1	912,000
BANKANNAPOLIS	1	800,000
COMPASS BANK	1	702,000
HEBRON SAVINGS BANK	3	645,000
VIRGINIA COMMERCE BANK	1	630,000
TD BANK, NATIONAL ASSOCIATION	3	516,000
REGAL BANK & TRUST	1	500,000
CELTIC BANK CORPORATION	1	458,000
NEWTEK SMALL BUS. FINANCE INC.	1	424,500
MARYLAND BK & TR COMPANY NATL	1	385,000
FULTON BANK NATL ASSOC	3	342,000
BANK - AMERICA NATL ASSOC	1	250,000
STEARNS BK NATL ASSOC	1	200,000
WASHINGTONFIRST BANK	1	200,000
SANDY SPRING BANK	1	157,300
BORREGO SPRINGS BANK, N.A.	4	140,000
SUPERIOR FINANCIAL GROUP, LLC	7	95,000
SOVEREIGN BANK	2	70,000
STANDARD BANK, PASB	1	50,000
RBS CITIZENS NATL ASSOC	1	50,000
Total 7(a)	246	\$69,749,200

U.S. SMALL BUSINESS ADMINISTRATION

<u>Lender Name</u> 504	<u># Loans</u>	<u>Amount</u>
BUSINESS FINANCE GROUP, INC.	16	9,977,000
CHESAPEAKE BUS. FINAN CORP	10	6,540,000
MID-ATLANTIC BUS. FINAN CO	1	158,000
Total 504	27	\$16,675,000

Grand Total 7a and 504 273 \$86,424,200

All SBA programs and services are extended to the public on a nondiscriminatory basis.

City Crescent Building
10 S. Howard Street, 6th Floor

Edward Knox
Lender Relations Specialist
Phone: 410-962-6195 ext 309
E-mail: edward.knox@sba.gov

Follow the SBA on:



504 Debt Refinance Question

The Small Business Jobs Act temporary 504 refinancing program does allow for eligible "other expenses" to be included in the project costs (Paragraph 11 in Notice 5000-1197. See also section 12a on page 4 and the Interim Final Rule (item (6) on page24).

An example:

Appraised Value	\$600,000
Eligible Other Costs*	<u>\$20,000</u>
Total Project Costs	\$620,000

Existing Debt \$500,000

Project structure	
Third Party Lender	\$310,000 (50% of the project)
SBA 504	\$210,000 (33.9% of the project)
Borrower Contribution	\$100,000 (16.1% existing equity in the property all in)

*Eligible costs are defined in 13 CFR 120.882 (c)(d) and 120.883.