

CLEVELAND DISTRICT OFFICE NEWS  
INFORMATION FOR THE SMALL BUSINESS COMMUNITY

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Loan Report as of January 31, 2011

*7(a) and 504 Loans Combined*

<b>Bank</b>	<b>Number Approvals</b>	<b>Dollars (In Thousands)</b>
Huntington National Bank	189	\$43,525
KeyBank	45	\$15,340
JPMorgan Chase Bank	35	\$9,102
FirstMerit Bank	29	\$8,054
Charter One Bank/RBS Citizens	22	\$2,173

*504 Loans*

<b>Bank</b>	<b>Number 504 Approvals</b>
FirstMerit Bank	12
Huntington National Bank	10
JPMorgan Chase Bank	6
KeyBank	6
Westfield Bank	3
Croghan Colonial Bank	2
First National Bank	2
Lorain National Bank	2

<b>CDC</b>	<b>Number 504 Approvals</b>	<b>Dollars (In Thousands)</b>
Growth Capital Corp.	17	\$13,781
Cascade Capital Corp.	10	\$4,701
Lake County SBAC	9	\$2,886
Mahoning Valley Economic Dev. Corp.	6	\$2,572
Stark Development Board	5	\$3,261
Mentor Economic Assistance Corp.	2	\$877
Ohio Statewide	1	\$369
SEM Resource, Inc.	1	\$446
West Central Partnership	1	\$848



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## NEWS FOR OUR LENDING PARTNERS

### Changes to the Export Working Capital Program (EWCP) and the International Trade Loan Program (ITL)

On September 27, 2010, President Obama signed the Small Business Jobs Act of 2010 (the "Small Business Jobs Act") (Pub. L. 111-240). The Small Business Jobs Act made significant changes to the Export Working Capital Program (EWCP) and the International Trade Loan Program (ITL), including raising the maximum loan amount for EWCP and ITL to \$5 million and increasing the maximum SBA guaranty percentage for ITL to 90%. SBA Information Notice 5000-1182 (effective October 25, 2010) detailed the changes made in the maximum guaranty and maximum loan amounts for the EWCP and ITL programs. In addition, the Small Business Jobs Act made numerous other changes to the EWCP and ITL programs, as discussed below.

#### Export Working Capital Program

Lenders that are participating in the Delegated Authority Lender Program of the Export-Import Bank of the United States (Ex-Im Bank) (or any successor Program) are now eligible to participate in the PLP-EWCP program. The application procedure to become an SBA 7(a) Lender is described in SOP 50 10 5(C), Subpart A, Chapter 1, Paragraph II. Lenders should be aware they must comply with 13 CFR § 120.410(d), which requires SBA lenders to "be supervised and examined by either a Federal Financial Institution Regulator or a state banking regulator satisfactory to SBA." SOP 50 10 5(C), Subpart A, Chapter 1, Paragraph IV.B.5 describes how Lenders may apply for PLP-EWCP authority. Ex-Im Bank Delegated Authority Lenders must comply with the PLP-EWCP application procedures as described in SOP 50 10 5(C), however, Ex-Im Bank Delegated Authority Lenders are not required to have prior experience with SBA 7(a) lending and are deemed to be an active participant with Ex-Im Bank for purposes of the application.

SBA charges lenders a yearly fee on all 7(a) loans known as the Ongoing Servicing Fee (currently 0.55%), which is payable monthly through SBA's Fiscal and Transfer Agent (currently Colson Services Corporation). The Small Business Jobs Act provides that for EWCP loans only, the Ongoing Servicing Fee shall not be collected more frequently than once per year and no fee shall be assessed on capital that is not accessed by the small business concern. Guidance concerning the payment and collection of this fee for EWCP loans will be issued in a subsequent Notice.

#### International Trade Loan Program

Previously, refinancing of debt that is not structured with reasonable terms and conditions was an authorized use of proceeds for ITL loans. However, ITL refinancing was limited to existing indebtedness incurred to finance the acquisition, construction, renovation, modernization, improvement, or expansion of productive facilities or equipment to be used in the United States in the production of goods and services involved in international trade. ITL loan proceeds may now be used for the refinancing of any debt that is not structured with reasonable terms and conditions, including any debt that qualifies for refinancing under the 7(a) loan program. The requirements for debt refinancing under the 7(a) loan program are described in SOP 50 10 5(C), Subpart B, Chapter 2, Paragraph IV.E.

Working capital is now an allowable use of proceeds for an ITL loan. However, the maximum SBA guaranty amount for any working capital component of an ITL loan is limited to \$4,000,000. (The total maximum SBA guaranty amount for an ITL loan is \$4,500,000.) Additionally, to the extent that the borrower has a separate EWCP loan or any other 7(a) loan for working capital, the SBA guaranty amount for those loans is counted against the \$4,000,000 guaranty limit for working capital for the ITL loan.

The lender is required to take a first lien on the assets purchased with ITL loan proceeds or other assets of the small business concern. The Small Business Jobs Act provides for an exception to this requirement. An ITL loan can be secured by a second lien position on the property or equipment financed by the loan or on other assets of the small business concern, if the SBA determines that the second lien provides adequate assurance of payment of the loan. For example, when the ITL loan is to improve business real estate (such as adding an addition to an existing building) or for equipment, and the collateral securing the ITL loan is subject to a first lien securing an existing loan used to acquire the business real estate or equipment, the ITL loan may be in a second lien position if (1) the loan in the first lien position was not made at or about the same time as the ITL loan and (2) the lender's analysis identifies how the risk of a second lien position on the ITL loan is offset by other factors. An example of an acceptable analysis would be that other collateral has been taken to secure the ITL loan that in liquidation would pay the ITL loan in full. Another acceptable analysis would discuss the length of time the business has been operating profitably and repaying its existing obligations in a timely manner and demonstrate that the borrower's cash flow is sufficient to repay all of the borrower's debt, including the ITL loan. Clear justification must exist when the interest rate for the first lien loan is significantly higher than the ITL loan and/or the maturity of the first lien loan is significantly shorter than the ITL loan. (Refer to SOP 50 10 5(C), Subpart A, Chapter 1, Paragraph II.E.5. regarding "piggyback" loans which are not eligible.)

ITL loans may not be processed under the Preferred Lenders Program (PLP) when the ITL loan will not have a first lien on the assets being financed.

***If you have any questions on this or any SBA loan matter, please contact our Lender Relations division at (216) 522-4180.***

## With Jobs Act Implementation, SBA Puts More Capital, Assistance Behind Small Business Exporting

### *New Legislation Helps Exporters by Providing Higher Loan Limits*

Export-related loans to small businesses approved under the Jobs Act provisions have reached nearly \$110 million as of Dec. 31, the U.S. Small Business Administration has announced.

“The Jobs Act builds on the efforts already underway through the National Export Initiative by providing SBA with additional tools to help small businesses tap into the global market,” SBA Administrator Karen Mills said. “We know that to take that next step to begin exporting or expand into a new market a small business often needs both financial and counseling resources. “The Jobs Act strengthened SBA’s ability to provide assistance in both those areas by enhancing our export loan programs and also making counseling and technical assistance more accessible. Already, we’re seeing these tools put to use by small businesses that are in a position to grow and create good-paying jobs in their communities.”

The Jobs Act, signed into law on Sept. 27, raised SBA 7(a) export-related loan limits to \$5 million. SBA helps small business exporters through three different export loan programs: Export Express, Export Working Capital Loan and International Trade Loan. The Jobs Act greatly enhances the tools the SBA has to help small business exporters grow.

The Act:

- Helps provide sufficient capital for small businesses looking to start or expand their exporting efforts, the law increased the maximum size of 7(a) International Trade Loans and Export Working Capital Loans to \$5 million, up from \$2 million, both with 90 percent guaranties.
- Makes the agency’s Export Express loan, which offers a streamlined application process, permanent with a 90 percent guaranty for loans up to \$350,000 and 75 percent for loans between \$350,000 and \$500,000.
- Provides \$90 million in grants over three years beginning in mid-2011 for states to help small business owners start or grow their exporting efforts.
- Makes counseling and technical assistance more accessible by increasing the SBA’s staff and other resources available to small business.

For a list of SBA export lenders, visit <http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/lenders/index.html>. President Obama has called for doubling the nation’s exports to support creating two million jobs in the next five years. SBA has taken steps to strengthen its partnership with other federal agencies involved in international trade, and making loans to exporters accessible of a new Cabinet-level focus

on exports, expanding export financing (which in part is fulfilled by the new SBA loan limits,) prioritizing government advocacy on behalf of U.S. exporters, and providing new resources to U.S. businesses seeking to export, among other things. For more information on export services for small businesses or to find local counseling and technical assistance resources, please visit [www.export.gov](http://www.export.gov).

## SBA and Agility Recovery Solutions Offer Monthly Small Business Disaster Preparedness Webinars

Small business owners have an opportunity to get tips on business continuity planning in 2011 through a series of free webinars hosted by the U.S. Small Business Administration and Agility Recovery Solutions. A vital part of growing a small business is guarding the company’s infrastructure,” said SBA Administrator Karen Mills. “These free disaster preparedness webinars are an opportunity for business owners to learn how to become proactive and practical about analyzing risks and making a plan to recover. This is about not only protecting the business before disaster strikes, but having a plan in place so the business rebuilds quickly and thrives.” The SBA has partnered with Agility Recovery Solutions to offer small business continuity strategies via their “PrepareMyBusiness” website at [www.preparemybusiness.org](http://www.preparemybusiness.org). Dates and topics for upcoming free webinars are as follows:

**Feb. 15 Disaster Recovery Year in Review**

**March 15 SBA Disaster Assistance**

**April 19 Leading with resiliency during a disaster**

**May 17 Crisis Communications Planning**

**June 21 Hurricane Season preparation**

**July 19 Disaster recovery best practices**

**Aug. 16 Social media and disaster recovery**

**September – Weekly webinars during National Preparedness Month include testing recovery plans, Pandemic planning, and securing management support for recovery planning.**

**Oct. 18 Preparing your business for Winter Weather**

**Nov. 15 The Impact of Preparedness on the Bottom Line**

**Dec. 20 Management obligations during Disaster Recovery**

More preparedness tips for businesses, homeowners and renters are available on the SBA’s website at:

<http://www.sba.gov/content/disaster-preparedness>.

## SBA Expands 'e200' Emerging Leaders Initiative; Maintains Focus on Underserved Communities

### *Entrepreneur Training Initiative Has Been Catalyst*

The U.S. Small Business Administration will expand the e200 Emerging Leaders executive-level training initiative to eight new cities and communities in 2011. The expansion means the successful program will be available to entrepreneurs in 27 cities across the United States. "Over the last few years e200 has been a catalyst for expanding opportunities for many promising small businesses in underserved communities – in particular those who have been most impacted by these tough economic times," SBA Administrator Karen Mills said. "Graduates of the program have increased their revenue, created jobs and helped drive local economic growth in their communities. Adding eight new locations builds on this success and provides even more entrepreneurs in underserved communities with the support, resources and skills to succeed." The eight new cities and communities being added this year are: Youngstown, OH; Fresno, CA; St. Louis, MO; Syracuse, NY; Minneapolis, MN; Farmington, NM; Honolulu, HI; and Helena, MT.

The e200 Emerging Leaders initiative has helped more than 600 promising small business owners across the country grow their businesses since 2008. Results gathered from a recent survey of past e200 graduating classes show dramatic advances for these small businesses. Despite the recent recession/no growth economy, more than half of the businesses that have completed the e200 training have shown an increase in revenue of over \$7 million. Nearly 60 percent have reported creating new jobs in their communities. Surveyed entrepreneurs also reported having secured nearly \$10 million in new financing for their businesses, with an increase in confidence when applying for government contracts. As a result, post-trainees have reported securing nearly 500 federal, state and local contracts, worth more than \$112 million. This initiative for entrepreneurs in underserved markets has been a catalyst for expanding opportunities for both urban small business owners and, more recently in 2010, added emphasis on Native American communities. There were 121 urban area graduates in 2010 and 125 from Native American communities, with the combined 246 graduates representing the largest graduating class since the e200 initiative began in 2008. "SBA's expansion of e200 Emerging Leaders to new locations last year made this valuable training accessible to more promising entrepreneurs than ever," said Mills. "The training, mentorship and resources that these small businesses received is already helping them take their businesses to the next level, do their part in the national economic recovery and achieve their own piece of the American dream."

The nine-month training includes approximately 100 hours of classroom time per participant and provides the opportunity for small business owners to work with experienced mentors, attend workshops and develop connections with their peers, city leaders, and financial communities. Local recruitment for the 2011 training cycle will start in

February through SBA district offices and classes are scheduled to begin in April. The number of cities hosting e200 initiative classes in 2011 has increased to 27 and includes:

**Urban Markets**—Atlanta, GA.; Baltimore, MD; Boston, MA; Chicago, IL.; Dallas, TX; Denver, CO; Des Moines, IA; Detroit, MI; Fresno, CA; Jacksonville, FL.; Memphis, TN; Minneapolis, MN; New Orleans, LA; Philadelphia, PA; St. Louis, MO; Syracuse, NY; Youngstown, OH.

**Native American Communities** — Albuquerque, NM; Helena, MT. Farmington, NM; Honolulu, HI; Milwaukee, WI; Phoenix, AZ; Portland, OR; Santa Ana, CA; Seattle, WA; Tulsa, OK•

For more information about e200 Emerging Leaders, or to contact the respective local SBA District office in that area go to [www.sba.gov/e200](http://www.sba.gov/e200).

### *Tax Changes for Small Businesses:*

The IRS has published information about new and expanded deductions and credits that small businesses should consider when completing tax returns and making business decisions in 2011. This information can be accessed via [FS-2011-02](http://FS-2011-02) from the IRS.gov website.

## Henry Sanders Appointed SBA Region V Advocate

Henry Sanders is the new Regional Advocate for the Office of Advocacy's Region V, covering the states of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin. He will be the Office of Advocacy's direct link to small business owners, state and local government agencies, state legislators, trade associations, and small business organizations.

"Henry Sanders' efforts on behalf of entrepreneurs should ensure that small businesses in the region will have an outstanding Advocate," said Chief Counsel for Advocacy Winslow Sargeant. "Henry understands and appreciates the challenges that small businesses face. This understanding will enable him to be an effective advocate for small business. He will make a fine addition to the Advocacy team."

"Helping entrepreneurs grow and flourish benefits us all," said Sanders. "Small businesses are an engine of economic growth. They create jobs and employ over half of all private sector employees. I look forward to the opportunity to work with them and advocate on their behalf to Washington."

Prior to his appointment, Sanders served as the president and CEO of Capacity-360, a firm specializing in assisting businesses receiving funding and developing strategies to sell products to the public and private sector. Sanders is also the president/founder of Propel Wisconsin Innovation, a nonprofit organization serving as the collective voice for entrepreneurs in Wisconsin. Sanders has a bachelor of arts degree in political science from the University of Wisconsin-Whitewater.

For more information contact Michael Landweber, Senior Advisor and Director of Regional Affairs, directly at (202) 205-6945, or visit the Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo)

The Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. The presidentially appointed Chief Counsel for Advocacy advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policymakers. For more information, visit [www.sba.gov/advo](http://www.sba.gov/advo), or call (202) 205-6533.

## SBA Announces Grant Funding to Increase Contracting Opportunities for Small Businesses under New Pilot Program

The U.S. Small Business Administration is accepting grant funding proposals from eligible and well-established national organizations interested in providing training, guidance, counseling, mentoring and procurement assistance to small businesses in teaming arrangements, which may be in the form of a joint venture or prime and subcontractor relationship, under its new Small Business Teaming Pilot program. The Small Business Teaming Pilot program was established by Congress under the Small Business Jobs Act of 2010. Under this new program, the SBA expects to make 10-to-20 grant awards in the range of \$250,000-\$500,000 totaling up to \$5,000,000 for fiscal year 2011.

"The Small Business Jobs Act provides critical resources to help small businesses continue to drive economic recovery and create jobs," said SBA Administrator Karen Mills. "The teaming pilot program will help put contract dollars into the hands of small businesses, create job opportunities through the teaming arrangements, help drive innovation and promote economic growth for our nation's economy."

To be eligible for these grant awards, an applicant must:

- be a private, non-profit or for-profit entity;
- have been in existence continually for the past three years;
- have experience dealing with issues relating to small business on a national level; and

demonstrate that it has the capacity to provide assistance to small businesses.

Applicant organizations selected for these awards must leverage the funding received by the SBA by working in conjunction with SBA's district offices and other federal, state, local and tribal government small business development programs, including: Procurement Technical Assistance Centers, SBA resource partners such as SCORE, Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers, 7(j) technical assistance providers, universities, other institutions of higher education and private organizations such as chambers of commerce and trade and industry groups and associations. All proposals must be submitted electronically via the government-wide financial assistance portal [www.grants.gov](http://www.grants.gov) no later than 11:59 p.m. on Feb. 25, 2011. For more information about the Small Business Teaming Pilot Program, visit: [www.sba.gov/teaming](http://www.sba.gov/teaming)