

**CLEVELAND DISTRICT OFFICE NEWS**  
INFORMATION FOR THE SMALL BUSINESS COMMUNITY

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**Loan Report as of November 30, 2010**

**7(a) and 504 Loans Combined**

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	106	\$21,658
KeyBank	32	\$10,927
FirstMerit Bank	16	\$4,002
JPMorgan Chase Bank	16	\$6,069
Charter One Bank/RBS Citizens	11	\$989

**504 Loans**

Bank	Number 504 Approvals
FirstMerit Bank	6
Huntington National Bank	6
JPMorgan Chase Bank	6
KeyBank	6
Croghan Colonial Bank	2
Lorain National Bank	2
Westfield Bank	2
CFBank	1
Citizens Bank	1
Consumer's National Bank	1
Portage Community Bank	1

CDC	Number 504 Approvals	Dollars (In Thousands)
Growth Capital Corp.	13	\$6,355
Cascade Capital Corp.	6	\$2,158
Stark Development Board	5	\$3,261
Lake County SBAC	4	\$1,531
Mahoning Valley Economic Dev. Corp.	3	\$781
Mentor Economic Assistance Corp.	1	\$262
Ohio Statewide	1	\$369
SEM Resource, Inc.	1	\$446

# SBA Honors Six Leading Lenders

Six leading SBA lenders in the Northern Ohio District were honored on December 6, 2010 at a special award ceremony at The Union Club in downtown Cleveland, Ohio. Gil Goldberg, District Director of the U.S. Small Business Administration's Cleveland District Office, presented the awards to the lenders. Director Goldberg reported that the Cleveland District office guaranteed 1,048 small business loans, amounting to approx. \$219.0 million, during its recently completed Fiscal Year 2010, which represents a significant increase over the prior fiscal year.

The five top SBA 7(a) lenders in Northern Ohio for FY 2010 were recognized. They are:

	# of Loans	Total Loan Dollars (in thousands)
The Huntington National Bank	352	\$54,599
JP Morgan Chase Bank	76	\$10,903
KeyBank	71	\$10,521
Charter One Bank	65	\$3,687
FirstMerit Bank	37	\$4,080

The Huntington National Bank received recognition for a "Triple Play Award" as the top lender in three categories: total number of SBA loans, total dollars of SBA loans, and top SBA lender to minority-owned enterprises.

SBA also recognized Growth Capital Corporation as the District's top producer of 504 program loans, and FirstMerit Bank as the top participant in the 504 loan program.

"I am pleased to recognize these lenders for their strong commitment to making capital available to Northern Ohio small business owners," stated Mr. Goldberg. "They recognize that small business growth is a vital component of our economy, and they are working hard to meet the demand for loans from the small businesses in our area."

"I am also pleased to report that SBA lending has continued to increase into our new fiscal year," continued Goldberg. "The Jobs Act provided enhancements to SBA's loan programs that have resulted in more businesses getting the critical capital needed to help grow their business and create jobs, as indicated by the fact that our loan volume is up 30% year to date." ♦



Huntington National Bankers (left to right) Jeffrey Banks, Bryon Pierce, Jeff Standen, Craig Street, Dan Walsh, Ken Ferian, and Mark Windnagel. Huntington's Senior VP Bob Bruno and SBA Cleveland District Director Gil Goldberg are at the far right. The bank received the District's "Triple Play Award" for achievements in three lending categories.



SBA Cleveland District Director Gil Goldberg with JP Morgan Chase's Specialty Finance Officer Gary Hood. The SBA Cleveland District Office guaranteed a total of seventy-six JP Morgan Chase loans in FY 10.

## Veterans Business Symposium a Resounding Success

The 8<sup>th</sup> Annual Northern Ohio Veterans Business Symposium was an overwhelming success. The Business Symposium was held Thursday, November 18, 2010 at Kent State University, Kent Ohio. Among other morning speakers, Marianne O'Brien Markowitz, Regional Administrator for the U.S. Small Business Administration, discussed the recently signed Jobs Bill which included many enhancements to SBA's lending programs as well as additional funding for the Small Business Development Centers around the country.

Blake Rawson Investment Strategist was the event's keynote speaker.. Blake talked in very straight forward terms about his researched opinions of the economy and where we may be headed in the short and midterm. Blake has offered his expertise to this event for 3 years in a row and is always very well received.

At the Business Symposium, speakers from the SBA and the Ohio Department of Development announced current and upcoming business opportunities for Veteran and Disabled-Owned Veteran businesses.

Five separate workshops were considered by many to be a few of the high points of this year's event. Additionally 44 vendors were on hand, many of which were Federal agencies and large businesses that were looking for Veteran-owned businesses to do business with. ♦



## A Letter from the SBA Administrator Concerning the Affordable Health Care Act

Dear Small Business Owner,

As I've traveled the country this year, I have heard from many of you who are looking forward to the new tax credits, health insurance exchanges, and other tools that will help you provide health insurance coverage to your employees as a result of the Affordable Care Act.

The most immediate benefit of the new law is a tax credit that will help America's smallest employers and nonprofit organizations (less than 25 full-time equivalent employees with average annual wages below \$50,000) who have been hit hardest by premium increases in recent years.

**Today, I'm pleased to announce that the Administration is releasing a one-page form and instructions on how to claim this credit for the 2010 tax year.**

In addition, new guidance released today answers questions that many of you have asked related to: your current contribution arrangements, eligibility for certain religious institutions, and participation by multiemployer health and welfare plans.

These credits are available for tax years 2010 through 2013 and for any two years after that. Through 2013, the maximum tax credit is 35 percent of premiums paid by small employers and 25 percent for eligible tax-exempt organizations. Beginning in 2014, those levels increase to 50 percent and 35 percent, respectively. Importantly, these credits are just one of many benefits in the Affordable Care Act.

Most notably, in 2014, firms with up to 100 workers will be able to pool their buying power and reduce their administrative costs by purchasing coverage through a health insurance exchange. It also outlaws discrimination against those with pre-existing conditions, giving more Americans the ability to break out of "job lock" and start their own companies. The new law also prohibits insurance companies from dramatically increasing premiums for a small business just because one worker gets sick.

Overall, the Affordable Care Act is a critical tool that will help millions of small business owners provide health insurance to people who you often consider to be members of your extended family – your employees. As a nation, we owe you nothing less as you work to grow, create jobs, and lead us toward full economic recovery.

Warm regards,

Karen Mills  
SBA Administrator

## NEWS FOR OUR LENDING PARTNERS

### Repair Fee Payments to SBA

Currently, the SBA requires the use of Pay.gov, Treasury's electronic payment portal, for submitting payments to SBA by all lenders.

#### What's new?

The SBA is expanding the required use of Pay.gov to include the payment of repair fees. This payment type is located on the "1544 Lender Fee Payments" form on the Pay.gov web site. SBA requires lenders to use Pay.gov for the payment of all loan guaranty fees, care and preservation of collateral expenses, lender review fees, lender repair fees, and Form 172 payments associated with the "Transaction Report on Loan Serviced By Lender"

#### Are there any exceptions to this requirement?

Yes. Lenders currently enrolled with the SBA for bulk ACH electronic payment processing may continue to use that method for Guaranty Fees. Lenders interested in using the bulk ACH electronic payment process for sending repair fees must make the following change to the current addenda string. Change the current code "68" located in the reference segment of the addenda string to code "75". The ACH file can then be sent in the normal manner. Also, any lenders currently participating with the SBA on electronic commerce pilot or development projects are excluded from this requirement for the specific fees that are involved in the pilot or development project.

#### What is Pay.gov?

Pay.gov is a free, secure, government-wide financial transaction portal managed by the U.S. Department of the Treasury's Financial Management Service (FMS). FMS developed this portal in partnership with the Federal Reserve Banks to offer on-line payment remittance services that the public can use for electronically remitting payments and associated data to Federal agencies. Pay.gov is convenient, easy-to-use and available 7 days a week, 24 hours a day.

#### Who should use this website?

Lenders must use Pay.gov when making payments and sending data to the SBA associated with the following fees:

Form 1544 –	Guaranty Fee (the upfront fee at loan approval)
Form 1544 –	Care & Preservation of Collateral (CPC) Expenses
Form 1544 –	Lender Review Fees (Office of Credit Risk Management)
Form 1544 –	Lender Repair Fee (Reimbursement of allowable repair fees)
Form 172 –	Payments associated with the "Transaction Report on Loan Serviced By Lender"

#### How does the Pay.gov website work?

Payments made to SBA using the Pay.gov website are made electronically by use of either a credit card or an Automated Clearing House (ACH) debit. ACH debits can be made to a checking, savings or general ledger account.

Lenders should access the "Should I Register" link on the main Pay.gov webpage and sign up to get a User ID to login. By using a User ID, a lender will be able to schedule payments online and have the ability to track scheduled payments.

Any payment processed through Pay.gov that requires a refund from SBA will be made by check. SBA can receive but not make payments electronically through Pay.gov.

The Pay.gov website is located at: <http://www.pay.gov>. Pay.gov can also be accessed through <http://www.sba.gov> using the E-Payments link. For more information on accessing Pay.gov, please see the attachment to this notice.

#### Who do I contact with questions?

For questions regarding usage of the Pay.gov web site, contact the Pay.gov Help Desk at 1-800-624-1373, Option #2.

For questions regarding your payment to SBA, contact the DFC Action Desk at (303) 844-2411 or by e-mail at [DFCActionDesk@sba.gov](mailto:DFCActionDesk@sba.gov)

SBA is committed to working with our lending partners to assist them in making a successful transition to electronic remittances. ♦

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

## U.S. Department of Commerce, SBA Launch New Online Tool to Help Small Businesses Begin Exporting

### *New Site: Six Steps to Exporting Success*

Small businesses interested in exporting now have a new online tool to help them tap into the global marketplace to grow their business. Developed by the U.S. Department of Commerce and the U.S. Small Business Administration, Six Steps to Begin Exporting, [www.export.gov/begin](http://www.export.gov/begin), is the latest tool in the National Export Initiative toolbox to help entrepreneurs begin exporting. The six-step process begins with a self-assessment to help potential exporters gauge their readiness to successfully engage in international trade. The self-assessment is followed by sections on training and counseling programs; resources to create an export business plan; information on conducting market research; assistance for finding foreign buyers; and investigating financing for your small business exports, foreign investments or projects.

Upon completing the self-assessment, businesses receive a score indicating their level of readiness. Based on the score, additional resources are identified fitting their specific needs, including SBA and its nationwide resource partners SCORE and Small Business Development Centers, as well as Commerce's U.S. Export Assistance Centers, which provide individualized support.

"This practical, interactive website is just the latest example of the commitment the Obama administration has made to helping American businesses – especially small businesses – sell more of what they make around the world," U.S. Commerce Secretary Gary Locke said. "Connecting America's entrepreneurs and small businesses with new buyers and new markets abroad will help create jobs and spur sustainable economic growth." "With nearly 96 percent of the world's customers living outside the United States and two-thirds of the world's purchasing power in foreign countries, tapping into opportunities in the global market makes perfect sense and is more attainable than ever for small business owners," SBA Administrator Karen Mills added. "One of the main hurdles potential exporters face is their fear that exporting is too complicated. This six-step process addresses and dispels that concern. Across the administration, we continue to strengthen the tools and resources so we can be the best possible partner in helping small business owners grow their customer base beyond our borders and, in doing so, create new jobs here at home."

This joint Commerce-SBA effort is part of an array of activities by federal agencies to support President Obama's National Export Initiative, which calls for doubling U.S. exports and supporting 2 million jobs over the next five years. So far this year, U.S. exports have increased nearly 18 percent compared to the same period in 2009. President Obama has outlined five steps the Administration is taking to help U.S. firms expand sales of their goods and services abroad: creating a new Cabinet-level focus on U.S. exports, expanding export financing, prioritizing government advocacy on behalf of U.S. exporters, providing new resources to U.S. businesses seeking to export, and ensuring a level playing field for U.S. exporters in global markets. ♦

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 Backs Repeal of 'Burdensome' 1099 Reporting Requirements on Small Business Transactions

In an open letter to small business owners, SBA Administrator Karen Mills described requirements that small businesses report all transactions greater than \$600 as "burdensome," and called for their repeal. Mills said the reporting requirements in the Affordable Care Act, which were to have begun in 2012, add up to "too much paperwork, too much filing." The text of the letter, which is posted on the SBA Website at <http://www.sba.gov/1099letter/>, follows:

Dear Small Business Owner,

I'm writing to update you on the progress that we have made regarding concerns stemming from the expanded 1099 reporting requirement in the Affordable Care Act, which could affect small businesses starting with 2012 purchases and 2013 filings.

**The SBA and the Administration support the Small Business Paperwork Relief Act (introduced by Senator Baucus) which would repeal this provision.**

As President Obama said on Nov. 3: "... the 1099 provision in the health care bill appears to be too burdensome for small businesses. It just involves too much paperwork, too much filing. It's probably counterproductive." Our support for the Small Business Paperwork Relief Act also follows the Administration's support in September for Senate Amendment 4595 (offered by Senator Bill Nelson), which would have relaxed the reporting requirement.

All businesses that pay another individual or business \$600 or more for goods or services starting in 2012 will be required to issue 1099s. The unintended consequence of a potential paperwork burden resulting from this provision quickly came to light, and we immediately began working across the Administration to reduce the burden of these potential future reporting requirements, as I noted in a letter to small businesses in May. We gathered feedback and comments from the small business community through roundtables, forums, and other feedback mechanisms involving outreach from the SBA, the Treasury Department, the I.R.S. and others.

Importantly, the repeal of this provision through the Small Business Paperwork Relief Act will not **adversely** affect the Affordable Care Act, which provides important health care benefits to millions of Americans. Small businesses are already taking advantage of the new tax credits for providing health insurance to employees this year, and future benefits such as the insurance exchanges in 2013 will provide small businesses with more negotiating power and reduced administrative costs.

Thank you for the input and feedback that many of you have provided on the impact that the expanded 1099 reporting requirement could have on your business. Overall, with your help, we will continue to ensure that America's entrepreneurs and small business owners operate in an environment not burdened by excessive regulation, allowing you to continue doing what you do best: grow businesses, create jobs and lead America's economic recovery.

Sincerely,  
Karen Mills  
SBA Administrator

## SBA Cleveland District Director Presents at Lake County Roundtable

Cleveland SBA District Director Gil Goldberg was the guest presenter at the Lake County Community Development Corporation (Lake County CDC) Small Business Assistance Corporation's Annual Lenders and CPA Roundtable on November 5, 2010 in Mentor, Ohio. Mr. Goldberg updated the area lenders and CPAs on the current SBA initiatives, regional goals, objectives, and achievements.

Alan Weaver, Program Director of the Lake County CDC, informed the audience about the small business activities of the Lake County CDC over the past year. Newton Burris, Director of Economic Development for the State of Ohio, spoke on the Office of Ohio Treasury initiatives, including Grow Now, Eco-Link, and the new Business Lending Clearing House. ♦



Presenters Gil Goldberg, SBA Cleveland District Director (left) and Newton Burris, Director of Economic Development for the State of Ohio (center) with Alan Weaver, Program Director of the Lake County Community Development Corporation

## The Impact of Broadband Speed and Price on Small Business

The availability, speed and price of broadband services vary significantly between metro area and rural businesses, according to a study released by the SBA Office of Advocacy. The study, entitled *The Impact of Broadband Speed and Price on Small Business*, found that when prices are held constant, rural small businesses get less service compared with metro small businesses. When services are held constant, rural small businesses pay higher prices than metro small businesses. The Office of Advocacy was directed to conduct this study by Congress under the Broadband Data Improvement Act, Public Law 110-385 Section 105. The study surveyed small businesses to evaluate their options to broadband services.

"All small businesses must have access to fast and affordable broadband if they're going to succeed in the global economy," said Winslow Sargeant, Chief Counsel for Advocacy. "Today's study shows that a lack of competition in broadband providers is having a negative impact on rural small businesses."

The study finds that small businesses want both competition and choice in the broadband service market. They see competition as key to innovation, customer service, and lower prices. The survey data demonstrate that, in most cases, the small business Internet market does not provide this competition or choice to small businesses from or price perspective.

"Increasing access to affordable broadband Internet service will allow rural small businesses to tap into a market that was previously out of their reach," said Senator Mary Landrieu, D-La., Chair of the Senate Committee on Small Business and Entrepreneurship. "This study is an important first step in collecting data on what types of advanced telecommunications services are available to small businesses across the United States. We must continue implementing key provisions of the National Broadband Plan to ensure that small businesses, as well as small telecommunications providers, can remain competitive in our expanding global economy."

The report also examined local service and pricing. A case study comparing the prices paid by small businesses and residential Internet consumers in Minnesota and Tennessee found that small business Internet customers pay two to three times more than what residential Internet customers pay for equivalent speeds, irrespective of the community under analysis.

"Today's study confirms that small businesses across Massachusetts are effectively utilizing the Internet to create jobs, expand their market, and grow this economy", said Senator John Kerry. "But it also reiterates what we've long known – that businesses in Western Massachusetts and other parts of the state are at a distinct disadvantage compared to businesses in big cities because fewer providers are offering less bandwidth at higher prices. Quality broadband at competitive prices is a necessity, not a luxury, which is why we must implement the National Broadband Plan as quickly as possible to help our small businesses."

The complete study is available at <http://www.sba.gov/advo/research/rs373tot.pdf>.

A research summary is available at <http://www.sba.gov/advo/research/rs373.pdf>. ♦

*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.*

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