

# Bank Notes

A Newsletter for Michigan Lenders

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Issue 172

## Fiscal 2010 First Quarter Lending Report

SBA lending in fiscal 2011 started off very strong! The Small Business Jobs Act, enacted in September 2010, restored provisions for both the temporary elimination of fees to the borrower and the 90% guarantee for most 7(a) loans. These changes were made to help lenders extend more credit and serve the needs of Michigan's small businesses. These provisions ended on December 31, 2010, but based on the significant increases, it is evident you have helped the SBA achieve this goal in Michigan!

Loan program activity for the first quarter of fiscal 2011 (October 1 – December 31) for the Michigan District Office is shown below. Our total loans increased by 98% and total dollars increased by 151% compared to first quarter 2010. The total dollars for both 7(a) and 504 in first quarter 2011 has already exceeded fiscal 2009 totals for the entire year!

	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>	<u>Change</u>
SBAExpress	383	148	159%
PLP	178	83	114%
Other 7(a) Loans	159	113	41%
<b>Total 7(a) Loans</b>	<b>720</b>	<b>344</b>	<b>109%</b>
7(a) Dollars	\$ 294,288,000	\$ 105,845,000	178%
504 Loans	72	57	26%
504 Dollars	\$34,514,000	\$ 25,088,000	38%
Loans to Minorities	61	28	118%
Loans to Veterans	42	17	147%
Loans to Women	108	54	100%

## Lenders' Conference Reminder

Don't forget to mark your Calendar! Michigan SBA's Lenders' Conference will be held March 31, 2011 at the Kellogg Center at Michigan State University in East Lansing. Cosponsored by the Michigan Small Business & Technology Development Center, the conference will feature training sessions on a wide range of topics for a variety of bank personnel.

The Conference brochure will be coming out shortly. If you have any questions about this conference, please do not hesitate to call Romy Ancog at 313-226-6075, ext. 259.

## Jobs Act Loan Queue

Per SBA Information Notice 5000-1190, SBA's authority to process loans under the Small Business Jobs Act of 2010 (which provided for a 90% guaranty to lenders and guarantee fee relief for borrowers), was extended to March 4, 2010. However, the funding appropriated in the Act has now been exhausted.

SBA expects that some previously approved Jobs Act loans will be cancelled, so any loan requests not yet funded are being placed in a queue for the 90% guaranty and fee relief to the borrower, pending funding that becomes available via cancellations. As funds become available, loans will be funded under the Jobs Act in the order they were placed in the queue.

SBA anticipates that not all loans in the queue will be funded, so you may elect to withdraw your Jobs Act loan request and resubmit it as a regular 7(a) loan request (with a 75% and/or 85% guarantee and all applicable borrower fees). If you wish to do this, please resubmit the appropriate forms (Form 4 and Form 4-I, or 2301 with addendums A, B, and C) re-dated and reflecting the new guarantee percentage and applicable fees.

Please also note: If your loan is funded as a regular 7(a) loan (with a 75/85% guarantee and payment of all borrower fees) under no circumstances will you be able to cancel the loan and submit a request for a 90% guarantee and borrower fee relief, or request a loan increase under the Jobs Act, at a later date.

### New Legislation Helps Exporters Providing Higher Loan Limits

Export-related loans to small businesses approved under the Jobs Act provisions have reached nearly \$110 million nationally, as of December 31. "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," said SBA Administrator Karen Mills. "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 September 27, greatly enhances the tools the SBA has to help small business exporters grow. The Act:

- Increases the maximum size of 7(a) International Trade and Export Working Capital loans to \$5 million, up from \$2 million, both with 90% guaranties.
- Makes the agency's Export Express loan permanent with a 90% guaranty for loans up to \$350,000 and 75% 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 questions on SBA's export-related loans, contact John O'Gara at 313-226-3670 or [john.o'gara@mail.doc.gov](mailto:john.o'gara@mail.doc.gov), or any of the lender relations staff. You can also find more information on export services, local counseling and technical assistance services at [www.export.gov](http://www.export.gov).

### Changes to the Export Working Capital Program and the International Trade Loan

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 seen in the attached SBA Information Notice 5000-1193.

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### February 3rd First Thursday ReadyTalk Session

The next monthly First Thursday ReadyTalk session for lenders is scheduled for February 3 at 10:00 a.m. It will cover:

- New loan programs
- Lending to franchises
- Loan activity update
- Lenders' Conference update
- Q&A

ReadyTalk is a Webinar program utilizing the Internet and a conference call system. To access the system:

From your computer:

1. Logon to [www.readytalk.com](http://www.readytalk.com)
2. Login as a participant using the access code 3051501
3. Enter your name, email address, and company name as requested

From your telephone:

1. Dial 866.740.1260
2. Enter the Access Code 3051501 and press #
3. Say hello!

If this is your first ReadyTalk session, we recommend that you test your browser compatibility and network connection prior to the conference by logging onto the ReadyTalk Web site and click on the "Test your Computer" button under the login.

Please join us on February 3.

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