

# Bank Notes

A Newsletter for Michigan Lenders

February 25, 2011

Issue 173

## Introducing the New Small Loan Advantage Program

SBA Notice 5000-1196 announced the new Small Loan Advantage Program. All PLP lenders are now eligible to use the program, no additional application or certification is necessary. Essentially, it's a simplified 7(a) loan – a streamlined loan application with the full guaranty of a 7(a) loan!

Highlights of the program:

- Available for loans up to \$250,000
- 85% guaranty for loans up to \$150,000; 75% for loans greater than \$150,000
- Streamlined application. Under delegated authority, use Form 2301 Parts A and B, and Form 7. Under non-delegated authority, use Form 2301 Parts A, B and C. (Forms are available at <http://archive.sba.gov/tools/Forms/smallbusinessforms/fsforms/index.html>)
- Use of E-Tran required for delegated and non-delegated loan submissions
- Lenders may use their own note and guaranty agreements

For more information on Notice 5000-1196 please call one of the Lender Relations Specialist listed on page 2 of this Bank Note.

## The New Dealer Floor Plan is Here

The new Dealer Floor Plan program is now available! The program is a 7(a) loan guaranty product that is targeted to retail dealers of new and used titleable inventory (automobiles, motorcycles, boats, recreational vehicles, manufactured housing, etc.).

Key features include:

- Effective from February 9, 2011 to September 30, 2013
- Maximum guaranty of 75%
- For loans from \$500,000 to \$5 million
- Maximum advance rate of 100% for both new and used inventory
- Loan maturities from 1 to 5 years
- Revolving lines of credit
- Loan proceeds may be used for the acquisition of titleable inventory for retail sales or to refinance/replace existing floor plan lines of credit
- Lenders with at least \$1 billion in floor plan lines of credit in their current portfolio may qualify for a special delegated authority under the DFP program, such lenders will be required to sign a separate Supplemental Guaranty Agreement

More detailed guidance is set forth in a procedural guide (“DFP Procedural Guide”), which is available on SBA’s DFP Web site at [www.sba.gov/content/dealer-floor-plan-financing-program-0](http://www.sba.gov/content/dealer-floor-plan-financing-program-0). More information on the program can be found in Notice 5000-1195 at [http://archive.sba.gov/idc/groups/public/documents/sba\\_program\\_office/bank\\_5000-1195.pdf](http://archive.sba.gov/idc/groups/public/documents/sba_program_office/bank_5000-1195.pdf).

## 504 Refinancing - New Guidelines

The new guidelines on debt refinancing using SBA 504 loans are now available. The Small Business Jobs Act temporarily expanded the 504 program to allow the refinancing of certain qualifying existing debts. The Sacramento Loan Processing Center will begin accepting applications on Monday, February 28, 2011, and the guidelines will remain in effective until September 27, 2012.

Please tune in to the Michigan District Office’s First Thursday ReadyTalk session on March 3, 2011, which will include a more detailed discussion and training on the new 504 guidelines.

You can view Notice 5000-1197 at [http://archive.sba.gov/idc/groups/public/documents/sba\\_program\\_office/bank\\_5000-1197.pdf](http://archive.sba.gov/idc/groups/public/documents/sba_program_office/bank_5000-1197.pdf).

## Lenders’ Conference Reminder

The 2011 Small Business Lending Conference is scheduled for March 31, 2011 at the Kellogg Center in East Lansing. The conference will run from 7:45 a.m. to 3:00 p.m.

If you haven’t received the registration brochure or if you need additional information, visit [www.sba.gov/about-offices-content/2/3121/news/14374](http://www.sba.gov/about-offices-content/2/3121/news/14374) or contact Romy Ancog at 313-226-6075, ext. 259 or [romualdo.ancog@sba.gov](mailto:romualdo.ancog@sba.gov).

### Secondary Market Guaranty Sales Form Revisions

SBA Notice 5000-1194 made several changes to the required documentation for secondary market guaranty sales.

The revisions to Form 1502, Guaranty Loan Status & Lender Remittance Form, included a date and logo change. This form will be implemented in the month of March for reporting loan payment activity occurring through February 28, 2011.

SBA Form 1086, Secondary Participation Guaranty Agreement, had several important revisions. First, it now includes clarifications to prevailing program rules and lender certifications. It also removes all reference to a warranty period for loans sold at a premium in the secondary market. This is in response to a change in accounting rules restricting lenders from recognizing gain from premiums earned on secondary market sales until the end of the warranty period. The new form is effective for all loans submitted for secondary market sales settlement on or after February 15, 2011.

Lenders can access the revised Form 1086 and 1502 on Colson Services' Web site at [www.colsonservices.com/main/f\\_n\\_r\\_main.shtml](http://www.colsonservices.com/main/f_n_r_main.shtml).

To view Notice 5000-1194 in its entirety, please visit [http://archive.sba.gov/idc/groups/public/documents/sba\\_program\\_office/bank\\_5000-1194.pdf](http://archive.sba.gov/idc/groups/public/documents/sba_program_office/bank_5000-1194.pdf).

### SBA's Lender Relations Staff

Detroit: P 313-226-6075; F 313-226-4769

- Romy Ancog, ext. 259, [romualdo.ancog@sba.gov](mailto:romualdo.ancog@sba.gov)
- Ken Kolasa, ext. 228, [kenneth.kolasa@sba.gov](mailto:kenneth.kolasa@sba.gov)
- Rachel St. James, ext. 278, [rachel.stjames@sba.gov](mailto:rachel.stjames@sba.gov)

Grand Rapids: P 616-456-5512; F 616-456-5514

- Brian Picarazzi, [brian.picarazzi@sba.gov](mailto:brian.picarazzi@sba.gov)

### March 3rd First Thursday ReadyTalk Session

The next monthly First Thursday ReadyTalk session for lenders is scheduled for March 3 at 10:00 a.m.

The agenda will include a more detailed discussion and training on the new SBA 504 refinancing rules, as well as loan activity updates and general questions and answers.

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 March 3.

### Bank Notes Distribution

If you know someone who would like to receive future issues of Bank Notes, they will need to subscribe through SBA's Free Newsletter and Publication Subscription Center.

The process is easy. Simply go to Web page <http://web.sba.gov/list/>; scroll down and check the box entitled "Michigan Bank Notes Newsletter." Then scroll down and enter your name and e-mail address at the bottom of the page and hit the "Subscribe" button.