

MONTANA DISTRICT OFFICE E-NEWS

July 2011

MONTANA DISTRICT DIRECTOR REMINDS YOU OF THE

IMPORTANT CHANGES TO SBA PROGRAMS



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Helping small businesses
start, grow and succeed.



Your Small Business Resource

There's no better time to consider some of the resources available to help small businesses continue to drive economic recovery and create jobs.

An important element of the Small Business Jobs Act of 2010 includes provisions for loans backed by the SBA. These new provisions are the latest in a string of adjustments made by the SBA to help create jobs and provide much needed financing for small businesses during this time of recovery. Highlights include:

- **Increased loan amounts:** The new maximum SBA 7(a) and 504 limits have increased from \$2 million to \$5 million. For manufacturers and specific energy-related projects seeking 504 loans, the new maximum is up to \$5.5 million. That means more opportunities for larger projects.
- **Expanded eligibility standards:** The act establishes adjusted eligibility standards for both 7(a) and 504 SBA-backed loans. Businesses that have a tangible net worth of no more than \$15 million and a two-year average net income of \$5 million after federal income tax are eligible to participate. That means more businesses can take advantage of support from the federal government for their credit needs.
- **Increased maximum commitments:** The new maximum SBA Express line of credit has been temporarily increased from \$350,000 to \$1 million. The increase is in effect until Sept. 27. The program has a 50 percent SBA guarantee and proceeds can support most small business financing needs.
- **504 debt refinance provisions:** Existing commercial loans used for 504 eligible purposes (acquire, construct or improve long-term fixed assets) can now be refinanced under the 504 program.

SBA also has developed a new loan initiative for small businesses. The Small Loan Advantage was created to increase the number of lower-dollar 7(a) loans going to small businesses. With a streamlined application process for loans up to \$250,000, funds can be used for a variety of purposes, including working capital and purchases of equipment and real estate.

As our economy begins to recover, we know that the strength of our country is linked to the vitality of small businesses. Small businesses have created 64 percent of private-sector jobs over the past 15 years. And more than half of Americans either work for or own a small business. Montana is a small business state and their success and on-going support is vital to the health of our economy and our communities.

If you're considering applying for an SBA loan, it is important to understand the changes and know how to prepare a loan package and you can start by visiting your local lending institution and/or SBA resource partner. To find an SBA lender or resource partner near you, visit www.sba.gov/mt and enter your zip code under the financing section of our home page. Or you can always call the Montana District office direct for more information at 406.441.1081.

3rd Quarter Numbers Show '11 on Pace for Good Year

Montana's small businesses received 119 loan approvals for SBA-backed financing for almost \$41.9 million for the third quarter of fiscal 2011.

Fiscal year-to-date, 375 loan approvals for \$114.8 million have been made in Montana. Although our number of loans is down from this time last year, the dollar volume is up from \$87.8 million last year to \$114.8 million this year.

The good news is that entrepreneurs throughout the state, from Libby to Sidney, have received financing to start a new business, refinance existing debt, or find the capital needed to expand operations. As a result of SBA loans in the third quarter, more than 350 new jobs are being created in Montana.

Of the small businesses which received SBA financing in the third quarter, 30 went to start-ups and 89 went to existing businesses; 14 loans went to veteran-owned small businesses, 6 to minority-owned, and 15 to women-owned firms.

The lender relations specialist team of the Montana District Office has made more than 45 in-person visits this fiscal year to banks and credit unions throughout the state to increase awareness of SBA programs and guide lenders through the application process.

Inventors, Researchers and Technology Savvy Small Business Owners: SBA Wants to Help You

By: Daniel Hannaher, Regional Administrator

Could yours be the perfect invention to aid U.S. combat soldiers in Iraq? Have you created a vaccine that could possibly rid the world of one of its deadly diseases? Do you think that you could possibly be the next Bill Gates? Perhaps your ideas or inventions are not as grand as these, but you need a little assistance with funding your idea and making your dream a reality. If the answer is yes, then the federal government may be able to help you.

For small businesses seeking to advance their technological inventions in the commercial marketplace, the U.S. Small Business Administration administers the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs. The SBIR program is a highly competitive three-phase award program that encourages small businesses to explore their technological potential and helps them profit from their inventions.

The SBIR program has helped thousands of small businesses to compete for federal research and development awards. Their contributions have enhanced the nation's defense, protected our environment, advanced health care, and improved our ability to manage information and manipulate data.

By reserving a percentage of federal research and development funds for small businesses, the SBIR program protects small businesses and enables them to compete on the same level as larger companies. Every federal department or agency with an external research and development budget greater than \$100 million participates in the SBIR program, including the U.S. Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services and Transportation, Homeland Security, the Environmental Protection Agency, National Aeronautics and Space Administration and National Science Foundation. Each agency is required to set aside no less than 2.5 percent of its overall external research and development budget to use either as an SBIR grant or contract.

These agencies issue requests for proposals for specific R&D projects they want accomplished, and accept unsolicited proposals for other projects. The SBA collects solicitation information

from participating agencies and publishes it quarterly in a Pre-Solicitation Announcement.

Following submission of proposals, agencies make SBIR awards based on small business qualification, degree of innovation, technical merit, and future market potential. Small businesses that receive awards or grants then begin a three-phase program.

- Phase I is the startup phase. Awards of up to \$100,000 for approximately 6 months support exploration of the technical merit or feasibility of an idea or technology.
- Phase II awards up to \$750,000, for as many as 2 years, expand Phase I results. During this time, the R&D work is performed and the developer evaluates commercialization potential. Only Phase I award winners are considered for Phase II.
- Phase III is the period during which Phase II innovation moves from the laboratory into the marketplace. No SBIR funds support this phase. The small business must find funding in the private sector or other non-SBIR federal agency funding.

A related program, STTR is coordinated by the SBA with other federal agencies spending \$1 billion or more in extramural research & development, including the U.S. Department of Defense, Energy, and Health and Human Services, and the National Aeronautics and Space Administration and National Science Foundation.

Like the SBIR program, the STTR program is also a high technology-based three-phase award program. The STTR program encourages cooperative research and development projects conducted jointly by a small business STTR awardee and a research institution that is either a non-profit institution or a federally funded research and development center.

To learn more about the SBIR and STTR programs, visit SBA's website at www.sba.gov.

LENDER CORNER

Did you know that PLP Lenders now have access to a streamlined 7a application process?

It's true....and it's quick, easy and accessible through E-tran.

SBA's Small Loan Advantage (SLA) Program was designed to encourage larger, existing SBA lenders to make lower-dollar loans, which often benefit businesses in underserved markets.

SLA allows PLP lenders access to a streamlined application process with a higher guaranty on smaller SBA loans of \$250,000 or less, with a two-page application for borrowers, and lenders can use their own note and guaranty agreement, provided the note includes a stated maturity and is legally enforceable and assignable.

The lender's analysis must follow underwriting criteria for SBA's Small/Rural Lender Advantage Program outlined in

SOP 50 10 5c and Form 2301, Part B. ALL SLA loans MUST be submitted via E-Tran and lenders are required to use the Standard 7a Loan Authorization Wizard to create the loan authorization for delegated loan approvals.

Questions regarding the SLA program should be directed to either Rena Carlson (lorena.carlson@sba.gov) or Tom White (thomas.white@sba.gov).

FEATURES:

Maximum Loan Size:\$250,000

Guaranty:
85% for loans \$150,000 or less
75% for loans over \$150,000 - \$250,000

Interest Rates: Same as standard 7a
http://www.colsonservices.com/main/new_s.shtml

Terms:
Same as standard 7a
Up to 10 years for working capital, inventory
Up to 10 years for M&E (depending on useful life)
Up to 25 years for real estate/construction

REQUIRED FORMS:

- SBA Form 2301, Part A (Borrower Application Form)
- SBA Form 2301, Part B (Lender Application)
- SBA Form 7 (PLP Checklist) SBA Form 2301, Part C (Eligibility Questionnaire) – when submitting non-delegated (i.e. ONLY when request involves SID refinance)

More Lender Tools:
Attached to this newsletter
you will find :
**Loan Application Forms Quick
Reference Guide**
&
**Standard 7(a) Application
Submission Checklist**

MONTANA SMALL BUSINESS WEEK EVENT HELD IN JUNE

Nine award winners were honored at the annual Small Business Week ceremony on June 2, 2011 at the Red Lion Colonial Hotel in Helena.

SBA looks forward to this event each year, where we have the opportunity to honor the small businesses that are so vital to the economy of Montana.

Emcee Dean Folkvord of Wheat Montana shared stories and business insights while Montana SBA District Director Joseph McClure presented awards to each winner.

If you know of a business or advocate that should be recognized please consider nominating them for the 2012 Small Business Week awards. Nomination packets for 2012 will be available this fall.



Contractor's Corner

Save Time & Money with Bid Matching Service

8(a), HUBZone, and small businesses....Did you know that there is a FREE service provided to you by the Montana Procurement Technical Assistance Center (PTAC) that will save your company valuable time and money by locating federal, state, local, and foreign bid opportunities and delivering them to you—DAILY!

relates to the product or service offered by your business. When a solicitation matches your profile, you will be notified by e-mail and the solicitation will then be available for you to review. Procurement specialists are available to help you review any potential bid opportunities and to answer any questions or concerns you may have.

Bid match service is provided by a third party vendor that filters federal, state and local websites for contracting opportunities specifically matching your company's profile. Your procurement specialist can help you create a profile from information that

To register for the Bid Match Service, you will want to contact the PTAC nearest you. Visit www.montanaptac.org to find out more about the services provided by the Montana PTAC's.

News on Redesignation of HUBZones

News to Business Applying for HUBZone Certification

All redesignated HUBZones due to expire on the date on which the Census Bureau publicly releases the first results from the 2010 decennial census will be expiring effectively on October 1, 2011.

These redesignated HUBZones are the ones that were provided an extended grandfathering period beyond the original three years, until the Census Bureau released new data collected from the 2010 census.

Before you submit your HUBZone application, consider how the expiration of the redesignated areas will impact your business.

Final determinations are issued in approximately 90 days. So, businesses that are applying for certification now with a principal office or employees residing in a redesignated HUBZone:

1. could receive the final determination only weeks prior to the expiration of the redesignated areas and as a result, SBA would have to propose your business for decertification from the program in October 2011; or
2. will be denied certification because the principal office is no longer in a HUBZone and/or the business no longer meets the HUBZone residency requirement.

Important News Regarding How the 2010 Decennial Census Might Affect Your HUBZone Company's Eligibility

All redesignated HUBZones due to expire on the date on which the Census Bureau publicly releases the first results from the 2010 decennial census will be expiring effectively on October 1, 2011.

These redesignated HUBZones are the ones that were provided an extended grandfathering period beyond the original three years, until the Census Bureau released new data collected from the 2010 census.

Prior to that date, please check the HUBZone website for additional information. (Please be aware that the HUBZone website map currently shows June 1, 2011 as the "qualified at least until date" and will be changed to October 1, 2011 in the website update.)

If at any time you have any questions about the Program or how the SBA may be able to support your business objectives, please call the HUBZone Help Desk at (202) 205-8885, or you may email us at HUBZone@sba.gov.

FIND THE HUBZONE MAP AT:
[HTTP://
 MAP.SBA.GOV/
 HUBZONE/INIT.ASP](http://MAP.SBA.GOV/HUBZONE/INIT.ASP)

MONTANA SBA LOAN ACTIVITY FY2011 (10/01-06/30) RANKED BY NUMBER OF SBA LOAN APPROVALS

Lender Name	#	\$
VALLEY BANK OF HELENA	48	\$6,352,800
YELLOWSTONE BANK	36	\$10,644,200
FIRST INTERSTATE BANK	34	\$10,799,100
FLATHEAD BANK OF BIGFORK	32	\$6,822,100
WESTERN SECURITY BANK	20	\$1,736,100
STOCKMAN BANK OF MONTANA	19	\$2,984,400
GLACIER BANK	19	\$4,155,700
MOUNTAIN WEST BANK NATIONAL ASSOCIATION	18	\$5,598,800
MONTANA COMMUNITY FINANCE CORPORATION	13	\$8,873,000
BIG SKY ECONOMIC DEVELOPMENT CORPORATION	12	\$8,134,000
WELLS FARGO BANK NATIONAL ASSOCIATION	12	\$3,690,800
U.S. BANK NATIONAL ASSOCIATION	11	\$564,100
FIRST SECURITY BANK OF MISSOULA	10	\$2,978,000
ROCKY MOUNTAIN BANK	8	\$3,228,900
BANK - BRIDGER NATIONAL ASSOCIATION	7	\$1,193,700
FIRST SECURITY BANK	6	\$587,600
FIRST CITIZENS BANK OF BUTTE	6	\$5,335,200
FIRST SECURITY BANK OF HELENA	5	\$620,500
THREE RIVERS BANK OF MONTANA	5	\$970,700
FARMERS STATE BANK	4	\$814,300
FLINT CREEK VALLEY BANK	4	\$3,002,900
HIGH PLAINS FINANCIAL, INC.	3	\$3,151,000
LIVE OAK BANKING COMPANY	3	\$2,195,000
STEARNS BANK NATIONAL ASSOCIATION	2	\$436,000
EAGLE BANK	2	\$425,000
SUPERIOR FINANCIAL GROUP, LLC	2	\$12,500
BANK OF BOZEMAN	2	\$770,000
RUBY VALLEY NATIONAL BANK	2	\$325,900
VALLEY BANK OF GLASGOW	2	\$455,000
EVOLVE BANK & TRUST	2	\$4,809,000
AMERICAN FEDERAL SAVINGS BANK	2	\$130,100
NEWTEK SMALL BUSINESS FINANCE INC.	2	\$523,000
TREASURE STATE BANK	2	\$241,500
COMMUNITY BANK, INC.	1	\$2,796,400
TETON BANKS	1	\$162,500
LITTLE HORN STATE BANK	1	\$340,000
CLARE BANK NATIONAL ASSOCIATION	1	\$950,000
BANK OF RED LODGE	1	\$405,000
BIG SKY WESTERN BANK	1	\$200,000
BORREGO SPRINGS BANK, N.A.	1	\$25,000
1ST BANK	1	\$168,000
BANK OF ROCKIES NATIONAL ASSOCIATION	1	\$117,000
FIRST SECURITY BANK - MISSOULA	1	\$250,000
CELTIC BANK CORPORATION	1	\$900,000
PRAIRIE MOUNTAIN BANK	1	\$200,000
FIRST BANK OF LINCOLN	1	\$450,000
MANHATTAN BANK	1	\$136,000
FIRST CITIZEN BANK - POLSON	1	\$140,000
MISSOULA FEDERAL CREDIT UNION	1	\$45,000
FIRST COMMUNITY BANK	1	\$850,000
COMMUNITY BANK-MISSOULA, INC.	1	\$1,000,000
COMPASS BANK	1	\$1,509,300
FREEDOM BANK	1	\$1,619,200
Grand Total	375	\$114,824,300