

February 2013

Lower Rio Grande Valley District

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Regional Administrator
Region VI

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Corpus Christi, TX 78408

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Fax: 361-879-0764

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Technical Assistance

SBDC:

UT Pan Am

Tele: 956-665-7535

www.utpa.edu/sbdc

Del Mar College

Tele: 361-698-1021

www.delmar.edu/sbdc

UTB IIC

Tele: 956-882-4119

www.utb.edu/iic

SCORE

Harlingen

956-427-8623

www.rgvscore.org

SCORE Corpus Christi

361-879-0017, x305

www.score-corpus-christi.org

Women-WBC

Tele: 956-380-2800

www.wbc-rgv.org

Veterans-VBOC

Tele: 956-665-7547

<http://ea.panam.edu/vboc>

Procurement/Contracting

Tele: 956-665-7535

www.utpa.edu/ptac

Tele: 361-698-1025

www.delmar.edu/sbdc/ptac.html

Newsletter Contact:

Maria Perez

maria.perez@sba.gov

All SBA programs and services are provided on a nondiscriminatory basis.

Lender Rankings – Fiscal Year 2013 October 1, 2012 through January 31, 2013

LRGV/CCBO Top 10 Volume 7(a) Lenders

1. BBVA Compass Bank	20	\$ 2,519,000
2. JP Morgan Chase Bank	10	\$ 2,244,400
3. Lone Star National Bank	3	\$ 1,502,000
4. First Community Bank-CC	3	\$ 880,000
5. Wells Fargo Bank	3	\$ 539,500
6. Elsa State Bank & Trust Co.	2	\$ 130,000
7. Capital One, N.A.	2	\$ 60,000
8. American Bank, N.A.	1	\$ 4,000,000
9. Commonwealth Business Bank	1	\$ 3,630,000
10. Live Oak Banking Company	1	\$ 2,000,000

LRGV/CCBO Top Volume CDC's

1. Capital Certified Development Corp	2	\$ 619,000
2. Greater East Texas CDC	1	\$ 1,486,000
3. ACCION Texas, Inc.	1	\$ 989,000
4. Certified Development Corp of S.W.	1	\$ 180,000

LRGV/CCBO Top Volume Third Party 504 Lenders

1. Lone Star National Bank	1	\$ 2,407,609
2. Texas Community Bank, National Association	1	\$ 1,370,000
3. ValueBank Texas	1	\$ 397,521
4. American Bank, National Association	1	\$ 347,500
5. First Community Bank	1	\$ 287,500

Deferments for SBA 7(a), and 504 Business Loans, Microloans and Disaster Loans for Businesses Adversely Affected by Drought in 2012

As stated in SBA Policy Notice 5000-1264 (effective January 28, 2013), SBA is participating with USDA, FEMA, EDA and other agencies to provide financial assistance to small businesses adversely affected by drought in counties which have received an SBA EIDL Disaster Declaration designation of economic injury disaster for drought. The declared disaster areas may be found at <http://www.sba.gov/disaster> (hyperlink titled "2012 Drought Disaster Assistance"). This site shows the "primary counties included in the Declaration, as well as counties contiguous to them, and is updated on a regular basis.

In an effort to further assist small businesses in these areas, SBA encourages 7(a) participating lenders, 504 program Certified Development Companies (CDCs) (as well as third party lenders that provide the private sector financing for 504 projects), and Microloan Intermediaries to provide similar deferment relief for borrowers with lender or CDC serviced SBA guaranteed business loans and micro loans in the primary disaster areas and contiguous counties that have received an SBAEIDL Drought Declaration in 2012. District offices and servicing centers shall advise lenders of the SBA's encouragement to accommodate borrowers adversely affected by the drought. Since many SBA-guaranteed loans are sold in the secondary market, it is also important to note that 7(a) lenders can provide one ninety day deferment without requesting approval from the secondary-market purchaser regardless of whether there is a declared disaster. A longer deferment period may be available; however, the lender must send a written request to the fiscal and transfer agent in accordance with SOP 50 50 (4), Chapter 5, paragraph 8.

For additional guidance regarding deferments, please refer to SOP 50 50 (4), Chapter 5, paragraph 8 and Chapter 4, Paragraph 13.d.

Year to Date

Loan &
Dollar

Volume:

53 Loans

Approved for
\$21,443,900

Additional
Supported
Dollars:

\$4,810,130

**Want to make Lines of Credit Loans?
Then the 7(a) CAPLines might be right program
for your bank!**

Structural Changes:

- Working Capital CAPLines (formerly Standard Asset Based CAPLines)
- Contract CAPLines
- Seasonal CAPLines
- Builder's CAPLines

(Eliminated Small Asset Based CAPLines, maximum line amount \$200,000.)

- Added option of delegated processing for PLP Lenders

Key Features:

- Maximum line amount \$5,000,000
Maximum guaranty percentage 75% (over \$150,000)/85% if \$150,000 or less
- Maximum maturity increased from 5 to 10 years (except Builder's CAPLine, which is limited by regulation to 5 years), this matches the maturity for Working Capital term loans

Use of Proceeds:

- **Contract CAPLines:** proceeds can be used to finance all costs (excluding profit), previously only labor and materials.
- **Working Capital CAPLines:** to finance short-term working capital/operating needs and some refinancing of existing lines (additional guidance on refinancing provided)
- No change to **Seasonal or Builder's CAPLines.**

Collateral:

- **Contract CAPLines:** assignment of contract(s) and proceeds of contract(s) financed by the line, some exceptions to the requirement for an assignment may apply (contract proceeds will be paid directly to the lender per written consent of contracting authority and other conditions are met, e.g., term of line is 12 months or less, borrower and contracting authority have successful history, etc.).
- **Working Capital CAPLines:** if the lender will disburse based on a borrowing base certificate (BBC), the lender must obtain a first lien position on the trading assets (A/R, INV, etc.), and if not disbursing based on a

BBC, the lender must have a first lien position on the trading assets and ensure 1:1 collateral coverage (which may include the assignment of other business assets as well as personal assets)

- No change to **Seasonal or Builder's CAPLines.**

Closing/Disbursement:

- **On all CAPLines** lender has the option of using its own note and guaranty agreements rather than SBA's versions (SBA Forms 147, 148 and 148L).
- **Contract CAPLines:** added guidance when the borrower is a prime vs. a subcontractor, when the contract involves surety bonding, and added the ability to finance a purchase order (previously only allowed in EWCP).
- **Working Capital CAPLines:** Lender has option of closing and disbursing based on a BBC or not.
- If a BBC is not used, lender must follow stated underwriting, collateral and cash flow analysis standards and minimum monitoring requirements, including site visits.
- If a BBC is used, lender must comply with revised requirements including the timing of the BBC (monthly not with each disbursement), pre-disbursement and annual field exams (rather than semi-annually), and eligible/ineligible receivables (including concentrations, which may exceed 20% with written justification in the file if certain types of accounts, otherwise requires SBA consent).
- The level of funds control, regardless of whether a BBC is used or not, will depend on the banking relationship the lender has with the borrower.

Application:

- Non-delegated lenders: standard 7(a) application forms submitted to the LGPC.
- Delegated: PLP lenders will use SBA Forms 1919 and 1920 (SBA Express forms) as well as their own documents, including the Lender's Credit Memorandum rather than the standard 7(a) application forms (which are used for other PLP loans). E-tran submission for SBA approval is required.

Please refer to SOP 50 10 5(E) for specific details.

Standard 7(a) Submission Tools including LGPC 10-Tab Submission Instructions and Checklist.

<http://www.sba.gov/for-lenders>

OR go directly to the link

<http://www.sba.gov/content/7a-submission-instructions-and-checklist>

Loan application packages can be sent to the LGPC via the following methods:

Electronic File Transfer (FTP)

*** *Recommended* ***

Go to <http://www.sba.gov/content/send-file> and click the "Send a file" link for "Standard 7(a) Loan Guaranty Processing center (LGPC) – CA or KY

E-mail

Applications under a file size of 9 megabytes may be e-mailed to 7aloanprogram@sba.gov

Fax (606) 435-2400

Mail

Standard 7a Loan Guaranty Processing Center – CA
6501 Sylvan Road Suite 122
Citrus Heights, CA 95610
Standard 7a Loan Guaranty Processing Center – KY
262 Black Gold Boulevard
Hazard, KY 41701

Issuance of SOP 50 57, 7(a) Loan Servicing and Liquidation

As stated in Notice 5000-1262, (effective March 1, 2013), The Office of Capital Access announces the issuance of SOP 50 57, the new SOP, which is designed for easy use by lenders and dedicated solely to 7(a) loan servicing and liquidation, is part of the Agency's ongoing efforts to modernize and simplify its loan program requirements.

The key changes to 7(a) loan servicing and liquidation policy and procedures found in SOP 50 57.

SBA 50 57 may be found on SBA's Web site at <http://www.sba.gov/for-lenders>

SBA Lender Training Available Upon Request:

1. Introduction to SBA Lending – The 7(a) Loan Program
2. Caplines: Working Capital, Contract, Seasonal, and Builder's
3. SBAExpress
4. Patriot Express
5. Small/Rural Lender's Advantage Loan Program – designed to encourage small community/rural lenders to partner with SBA by simplifying and streamlining the Agency's application process and procedures, particularly for small SBA loans. This program is for lenders that have no more than 20 SBA loans (averaged in last 3 years).
6. Small Loan Advantage and E-Tran
7. International Trade, Export Working Capital Program, and Export Express
8. 504 Loan Program
9. Closing of SBA Loans
10. Reporting Requirements on SBA Loans via 1502 Reports
11. Servicing, Liquidation and Purchase Procedures of SBA Loans

Please contact Maria G. Perez at 956-427-8533, x242 or Rick Sturtevant at 361-879-0017, x302 to schedule training.

SBA UPDATES

To find the latest SBA forms, notices and SOP's go to: [Forms, Notices, & SOPs](#)

For the Maximum Allowable Fixed Rate for 7(a) loans, go to:

[Maximum Interest Allowable Info](#)

 Look out for change of Fiscal Agent on next month's issue.

To receive upcoming training events and news for our local area go to: [Lower Rio Grande Valley District Homepage](#)

Scroll down to **NEWS** and click on subscribe button.