

April 2013

Lower Rio Grande Valley District

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Regional Administrator
Region VI

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Corpus Christi Branch Office

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:

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

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

LRGV/CCBO Top 10 Volume 7(a) Lenders

1. BBVA Compass Bank	25	\$ 2,849,000
2. JP Morgan Chase Bank	15	\$ 2,745,800
3. Lone Star National Bank	5	\$ 1,802,000
4. First Community Bank-CC	4	\$ 980,000
5. Wells Fargo Bank	3	\$ 539,500
6. Elsa State Bank & Trust Co.	3	\$ 280,000
7. American Bank, N.A.	2	\$ 4,100,000
8. Capital One, N.A.	2	\$ 60,000
9. Commonwealth Business Bank	1	\$ 3,630,000
10. Live Oak Banking Company	1	\$ 2,000,000

LRGV/CCBO Top Volume CDC's

1. Brownsville Local Development Company	2	\$ 934,000
2. Capital Certified Development Corp	2	\$ 619,000
3. Greater East Texas CDC	1	\$ 1,486,000
4. ACCION Texas, Inc.	1	\$ 989,000
5. Texas Certified Development Co., Inc.	1	\$ 303,000

LRGV/CCBO Top Volume Third Party 504 Lenders

1. Lone Star National Bank	1	\$ 2,476,500
2. Texas Community Bank, National Association	1	\$ 1,370,000
3. International Bank of Commerce	1	\$ 675,000
4. Inter National Bank	1	\$ 634,000
5. ValueBank Texas	1	\$ 397,521

Year to Date

*Loan &
Dollar
Volume:
72 Loans
Approved for
\$24,167,300*

*Additional
Supported
Dollars:
\$6,551,895*

**Want to make Exporting Loans?
Then the 7(a) Exporting Loan Programs
might be the right program for your bank!**

SBA has made it a priority to help small business exporters by providing loan programs designed to develop or expand export activities. SBA small business exporting loan programs include:

The Export Express Loan Program, which offers financing up to \$500,000. It is the simplest export loan product offered by the SBA. A small business in operation for at least one year which can show that loan proceeds will support its export activity is eligible.

The Export Working Capital Program has financing up to \$5 million as a credit enhancement. This program is delivered through SBA Senior International Credit Officers located in U.S. Export Assistance Centers.

The International Trade Loan Program provides loan financing for fixed assets and working capital to business owners who plan to start or continue exporting, or businesses that have been adversely affected by competition from imports.

Please refer to SOP 50 10 5(E) for specific details Or Contact: Maria G. Perez, @ 956/427-8533, ext. 242, or maria.perez@sba.gov

Do you have clients that are home builders in your loan portfolio? Did you know that the Builders Line of Credit Program is the only 7(a) program where these type of customers are eligible?

To be eligible for a Builder's CAPLine, applicant must (1) qualify under standard 7(a) requirements (2) be construction contractors or homebuilders under NAICS codes 236220, 236115, 236116, or 236118 with a demonstrated managerial and technical ability in profitable construction or renovation (3) Must either perform the construction/renovation work or manage the job with at least one supervisory employee on the job site during the entire construction phase (4) Renovations must be "prompt and significant." (5) Have demonstrated a successful performance record in bidding and completing construction/renovation at a profit within the estimated construction period, are able to demonstrate prior prompt payments to suppliers and subcontractors, and the prior successful performance must have been of comparable type and size to the proposed project (prior experience in single family construction is not comparable to high-rise apartment construction.

Key Features include:

Maximum line amount: \$5 million

Regular SBA guaranty 75 – 85 percentages apply

Maximum maturity up to 5 years.

Can be disbursed with or without a BBC

Extraordinary lender servicing fees permitted

Can be processed regular 7(a) or PLP

Other details in a "Nutshell:"

Use of Proceeds:

Builder's CAPLine:

- Borrowers must use the loan proceeds solely for direct expenses related to the construction and/or "substantial" renovation costs of a specific eligible project.
- Proceeds paid to a subcontractor can include the subcontractor's profit.
- The borrower must not use loan proceeds to purchase vacant land for possible future construction or to operate or hold rental property for future rehabilitation.
- A single line may be utilized to fund multiple projects.

- SBA may allow the finished property to be rented pending sale only in cases where the rental will enhance the ability to sell the property.
- The final sale of the property must be an arm's length transaction with legal transfer to an unaffiliated third party.
- For a non-revolving loan, the loan amount is based on the written proposal of costs (not anticipated selling price) provided by the applicant for a single project.
- For a revolving loan, the master note amount is based on the cash flow projection provided by the applicant for all work to be performed by the SBC (not just a specific project). The amount of a sub-note (for each specific project) is based on the written proposal of costs (not anticipated selling price) provided by the applicant for that particular project.

Collateral:

Builder's CAPLine:

- SBA will accept no less than a second lien position on the property being constructed or renovated if the purpose of the first lien was to acquire the property.
- Do not take a second lien position if the first lienholder requires that the entire loan be paid in full before any property is released. Where Lender/SBA is in a second position, the total amount necessary to release the first and second liens may not exceed 80% of the fair market value (selling price of the completed project.

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).
- Prior to disbursement of each individual project, the line must be recorded and position verified.
- Prior to final disbursement of construction funds, final lien waivers must be obtained from borrower/contractor and all subcontractors, materialmen, and any independent workers involved in the construction. No disbursement can be made after maturity of the master note.
- The repayment of all funds disbursed for any individual project shall occur within 36 months after completion of each individual project or at the time of sale, whichever is less.

Please refer to SOP for specific details. Or Contact: Maria G. Perez, @ 956/427-8533, ext. 242, or maria.perez@sba.gov

7a Processing Center's Top 10 Screen Out Reasons

1. Repayment ability not demonstrated
2. Not pledging adequate available collateral
3. Line of Credit information
4. 912 information lacking/incomplete
5. Lack of Affiliate Information
6. Incomplete SBA Form 4
7. Business valuation information lacking
8. Interest rate adjustment period lacking
9. Lack of Proforma Balance Sheet
10. No SBA Form 4-i

SBA Lender Training Available Upon Request:

1. Introduction to SBA Lending – The 7(a) Loan Program
2. Small Loan Advantage and E-Tran
3. Caplines: Working Capital, Contract, Seasonal, and Builder's
4. SBAExpress
5. Patriot Express
6. Small/Rural Lender's Advantage Loan Program
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

★SBA TRAINERS★

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

3rd Quarter Lender Loan Rates for FY 2013

As stated in SBA Information Notice 5000-1271, the interest rate on Section 7(a) Direct Business Loans is 3.500 percent (3 1/2%) for the fiscal quarter beginning April 1, 2013. (Information only – no direct funds available at this time.)

The optional peg rate for fluctuating interest rates on guaranty loans is 2.500 percent (2 1/2%) for the April - June quarter of FY 2013.

Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for any third party lender's commercial loan which funds any portion of the cost of a 504 project (see 13 CFR 120.801) shall be 6% over the New York Prime rate or, if that exceeds the maximum interest rate permitted by the constitution or laws of a given State, the maximum interest rate will be the rate permitted by the constitution or laws of the given State.

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

★ SAVE THE DATE ★ 2013 Small Business Week Awards Ceremony

May 22, 2013 – Corpus Christi Branch Office

May 24, 2013 – LRGV-District Office

Stay tuned for details in next month's issue!

Upcoming Lender's Training
04/30/2013 Overview of a Lender's role in a 504 Loan

Important Update

The Lender's Advantage Newsletter will not be available in this format after May 2013.

To register for future newsletter go to: www.sba.gov/tx/harlingen
Click on email updates and system will prompt you to enter your email address, and select preferences.
For assistance call: Maria G. Perez at 956-427-8233, ext. 242.