

October 2012

Lower Rio Grande Valley District

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

Lender Rankings – Fiscal Year 2012 October 1, 2011 through September 30, 2012

LRGV/CCBO Top 10 Volume 7(a) Lenders

1. BBVA Compass Bank	103	\$5,693,600
2. JP Morgan Chase Bank	20	\$3,822,300
3. Lone Star National Bank	11	\$2,889,300
4. ValueBank Texas	9	\$1,853,900
5. First Community Bank - CC	7	\$ 792,200
6. Wells Fargo Bank	5	\$ 994,000
7. American Bank	5	\$ 380,700
8. Elsa State Bank & Trust Co.	4	\$3,677,000
9. Capital One Nat'l Association	2	\$ 65,000
10. Broadway National Bank	1	\$2,000,000

LRGV/CCBO Top Volume CDC's

1. Texas Certified Development Co., Inc.	7	\$5,612,000
2. Brownsville Local Development Co. Inc.	6	\$3,579,000
3. ACCION Texas, Inc.	5	\$1,668,000
4. Capital Certified Development Corp.	1	\$1,066,000
5. Greater East Texas CDC	1	\$ 126,000

LRGV/CCBO Top Volume Third Party 504 Lenders

1. Lone Star National Bank	5	\$3,884,406
2. Rio Bank	2	\$3,268,855
3. JP Morgan Chase Bank	2	\$ 806,320
4. First Community Bank – San Benito	1	\$1,918,513
5. International Bank of Commerce - Brownsville	1	\$1,287,500

Year to Date

*Loan &
Dollar
Volume:
195 Loans
Approved for
\$37,935,300*

SBA CAPLine Program

Featuring “Builder’s CAPLines”

Lenders take note! ➡ This is the third in a series. The different CAPLine products will be discussed in subsequent newsletters. “CAPLine” is an SBA 7(a) guaranty program to finance all costs (excluding profit).

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.

★ Please refer to SOP for specific details.

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.

Application:

- Non-delegated: 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.

★ For further detailed information on this specific subprogram of CapLine, refer to SOP 50 10 5(E) at <http://www.sba.gov/category/lender-navigation/forms-notices-sops> or you may contact **Maria Perez via e-mail maria.perez@sba.gov** or by phone (956) 427-8533 ext. 242.

SBA Information Notices

Revisions to SOP 50 10 5(E) Areas that may be Included as Rental Property

SBA Information Notice 5000-1252 dated September 26, 2012, announced a revision to Standard Operating Procedure (SOP) 50 10 5(E) regarding the areas of a borrower's business property that may be included in calculating the total square footage of Rentable Property for purposes of SBA's business loan programs.

An updated version of SOP 50 10 5(E) incorporating these changes will be posted on SBA's website at www.sba.gov. As with previous editions of SOP 50 10 5, SBA will post two versions on the website. The first version will show all changes as "tracked changes" and the second will incorporate all changes.

7a and 504 Fees Effective on October 1, 2012

SBA Information Notice 5000-1253 dated September 28, 2012, announced that there are no changes to these fees for 7(a) and 504 loans approved during FY 2013 and will remain the same as in fiscal year 2012. Specifically, for 7(a) loans approved during FY2013, the yearly fee is 0.55 percent (55 basis points) of the guaranteed portion of the outstanding balance of the loan, and the upfront guaranty fee depends on the amount of the loan and is set forth in a chart in SOP 50 10 5(E), Subpart B, Chapter 3, paragraph V. For 504 loans approved during FY2013, the annual fee is 0.9375 percent (93.75 basis points) of the outstanding balance of the loan, and the one-time guaranty fee is 0.50% (50 basis points).



SBA UPDATES

To find the latest SBA forms, notices and SOP's go to:

<http://www.sba.gov/category/lender-navigation/forms-notices-sops>

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

http://www.colsonservices.com/main/news/New%20Maximum%20Allowable%20Fixed%20Rate%20for%207_a_%20Loans.pdf

To receive upcoming training events and news for our local area go to: www.sba.gov/about-offices-content/2/3150

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