

SBA NEW JERSEY

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About SBA New Jersey

SBA New Jersey is a quarterly newsletter written and distributed by the U.S. Small Business Administration's New Jersey district office.

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Helping small businesses **start, grow** and **succeed**.



Your Small Business Resource

DOLLAR VOLUME IN NJ JUMPS 41%

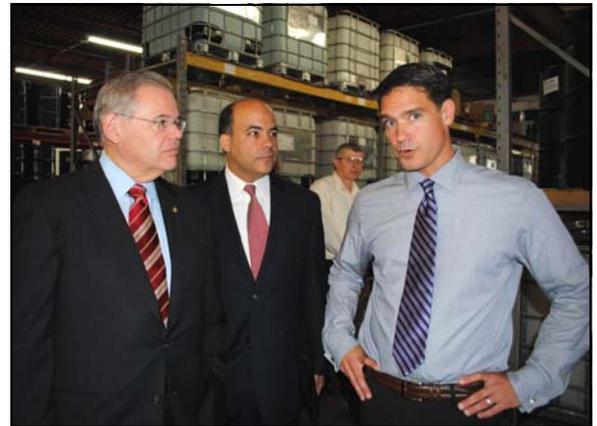
The U.S. Small Business Administration (SBA) New Jersey district office reported that state small business owners received \$543 million in SBA loan approvals, a 41 percent jump in the number of dollars they received, during the first three quarters of the agency's fiscal year 2011, the period of October 1, 2010 through June 30, 2011.

According to SBA New Jersey District Director Alfred J. Titone, state small business owners received 1,038 SBA-backed loans for \$543 million compared to the 952 loans for \$383 million approved during the same period in fiscal year 2010. This year's loan approvals also showed a steady 9 percent increase.

"I am encouraged that SBA loan programs are experiencing positive growth throughout New Jersey," said Titone. "Anytime you can put 41 percent more capital in the hands of small business owners, it is bound to spur economic development. I see this as a sign that the economy is turning around. More dollars mean bigger projects, bigger projects mean significant economic impact for the state."

"The bottom line is that lenders are making more capital available to small business owners," said Titone. "There has been steady growth throughout the year and it is evident in the lending increases we are seeing in many segments of the small business community."

He also noted that in July the agency's 504 loan program, loans used to purchase fix assets such as real estate and machinery & equipment, has exceeded last year's totals and that loan approvals to minority small business owners have already surpassed last year's loan totals, as well.



Small business owners like Etienne Grignard (right), owner of the Grignard Company in Rahway are taking advantage of the increases in loan approvals and dollars the SBA has seen in New Jersey over the past year. Grignard is seen here in his manufacturing facility with SBA Regional Administrator Jorge Silva-Puras (center) and U.S. Senator Bob Menendez (left) on a recent tour of his plant. Grignard received an SBA 504 loan through the Regional Business Assistance Corporation and TD Bank. The loan, totaling \$2.4 million, allowed Grignard and wife Kelly to move from a leased space into their new facility last year. The family-owned business manufactures environmentally friendly cleaners and lubricants. Today, the company employs 25 people and exports many of its products throughout the world.

Leading the way in SBA lending during the first three quarters was Bergen County with 127 loans for \$66.1 million. Monmouth County was second with 99 loans for \$47.7 million and Middlesex County followed in third with 95 loans for \$63 million. Essex County followed with 87 loans for \$43.2 million; and Ocean County with 68 loans for \$29.2 million.

JPMorgan Chase Bank was the top SBA lender during the first three quarters, approving 119 loans for \$16.6 million. TD Bank followed with 94 loans for \$16.5 million. New Jersey Business Finance Corporation ranked third, approving 57 loans for \$50 million. Rounding out the top five lenders were Wells Fargo Bank with 46 loans for \$17.6 million; and Sovereign Bank with 45 loans for \$2.7 million.

Small Parts Lead to Big Gains for Passaic Manufacturer

Small parts are leading to big gains for Rehtek Machine Co., a Passaic-based company that specializes in the manufacturing of pressure sensor parts from .010" to 1" in diameter that are used in the aerospace, defense, medical and electronics industries.

It all started 21 years ago for brothers Stephen and Paul Reh when they purchased a small machine shop that was operating out of a 250 sq-ft garage. They expanded their pressure-sensor niche and rented a larger space in Westwood. "In the early 90's, we were producing precision pressure sensor parts for Apache Helicopters used in "Operation Desert Storm" in a competitive market with limited resources," said Stephen Reh. "We quickly learned that in order to survive we had to find a niche market. We decided to specialize in manufacturing parts under an inch in diameter with exotic alloys for the electronic-sensing industry."

In order to stay competitive, in 1999 the brothers worked with the New Jersey Manufacturing Extension Program, Inc., Alamo Learning Systems and the New Jersey Department of Labor to obtain ISO 9002 certification. "The certification allowed us to implement a quality management system, which assures our customers of the quality products and workmanship produced by Rehtek," said Stephen. "The ISO certification made us more efficient and helped us to market Rehtek to customers who require this level of quality just as a baseline." Their growth in the small parts market



Big Gains—Stephen Reh, president of Rehtek Machine Co. takes a look at some of the pressure sensor parts that the Passaic-based company produces for the aerospace, defense, medical and electronics industries. Reh and his brother Paul benefited from incentives under the American Recovery and Reinvestment Act of 2009 and the Jobs Act of 2010. Those incentives allowed them to save \$5,200 in fees on three SBA-backed loans from Magyar Bank. The loans allowed the company to maintain its 12 employees and grow 20 percent over the last year.

continued when they relocated to a modern facility in Passaic.

Despite their successes and detail for planning, nothing could prepare the company for the economic downturn this country witnessed in 2008. Faced with an economy that was on the brink of collapse, Rehtek needed an infusion of capital to raise the bar for quality and efficiency. The Rehs found relief through the U.S. Small Business Administration's loan guarantee program.

"We took advantage of incentives from both the American Recovery and Reinvestment Act and Jobs Act of 2010," said Stephen. Both programs allowed Magyar Bank to secure a 90 percent guarantee from the SBA and waive closing fees on three loans backed by the SBA, saving the company approximately \$5,200 in fees.

In September of 2010 Magyar Bank, an SBA Preferred Lender, disbursed a loan of \$130,000 to refinance debt on two equipment leases the company needed to restructure. "This got us back in the black," said Stephen Reh. "We got lean and profitable very fast." The bank then approved a \$20,000 SBA-backed line of credit to be used for additional working capital.

Last September President Obama approved the Jobs Act of 2010, which extended the provisions first provided to SBA lenders and borrowers under the American Recovery and Reinvestment Act. Again, Stephen and Paul took advantage of another SBA guarantee loan from Magyar Bank in December of 2010 with a \$155,000 SBA loan to purchase a CNC Swiss multitask machine and upgrade the company's computer network servers and systems software.

Today, the company is running two shifts with 12 employees from their 10,000 square foot facility in Passaic. They now have 20 machines that can produce over 2,000 customized precision pressure sensor parts used in commercial and military applications. "Our parts can be found in jets, missiles and tanks," said Stephen. "If it flies, floats, swims or drives, we probably made sensor parts for it."

"The SBA is pleased to partner with lenders like Magyar Bank to provide small business owners like Stephen and Paul Reh with the necessary capital that allows them to keep producing products and retaining jobs here in New Jersey," said SBA's New Jersey District Director Alfred J. Titone. "We are now seeing the benefits of both the Recovery and Jobs Act programs that President Obama enacted over the past two years."

"We specialize in multi-tasking machining and drilling," said Stephen. "We work with material like Kovar®, Alloy 52, Inconel®, copper, titanium and stainless. My brother Paul is a mechanical engineer and he develops the most efficient methodology to make the parts. He also writes the program, lays it out on the computer and programs it to send to any machine on the floor. It is very technically efficient streamlined process."

Over the last year, Rehtek Machine Co. has grown 20 percent. "We are an integral part of our customers' success and we are constantly looking for ways to improve, as well as expand our market and customer base" said Stephen. "We couldn't have done it without SBA's help. Economic recovery starts with Made in America, because it works."

Top SBA Lenders (Fiscal Year 2011 - Oct. 1, 2010 through June 30, 2011)

Lender	# of Loans	\$ Amount
1) JPMorgan Chase Bank	119	\$16.6 million
2) TD Bank	94	\$16.5 million
3) New Jersey Business Finance Corp.	57	\$50.0 million
4) Wells Fargo Bank	46	\$17.6 million
5) Sovereign Bank	45	\$ 2.7 million
6) BNB Bank	39	\$24.1 million
7) Republic Bank	38	\$47.5 million
8) Metro Bank	36	\$39.8 million
9) The Provident Bank	34	\$23.5 million
10) Regional Business Assistance Corporation	32	\$32.3 million

RBAC becomes First SBA Community Advantage Lender in NJ

The U.S. Small Business Administration has approved the Regional Business Assistance Corporation (RBAC) a community-based, mission-focused lender in Mercerville to start accepting and processing Community Advantage loan applications from small business borrowers immediately, the SBA regional office announced recently.

“Extending access to capital to small businesses in our underserved communities so they can thrive and create jobs is at the core of our mission,” said SBA Regional Administrator Jorge Silva-Puras. “We commend RBAC, its Executive Director William Pazmino for joining forces with SBA in helping small businesses succeed and strengthen our local economies throughout New Jersey.”

The new Community Advantage pilot program was announced by SBA in December and is designed to promote small business formation and growth in underserved communities – which were hit disproportionately hard by the recession – by increasing the availability of smaller sized loans.

The pilot is specifically aimed at expanding points of access to capital for small business owners by opening SBA’s 7(a)

loan program to community-based, mission-focused financial institutions, including Community Development Financial Institutions, SBA’s Certified Development Companies and SBA’s nonprofit microlending intermediaries.

SBA began accepting applications on Feb. 15 from lenders that want to participate. RBAC is the first New Jersey Community Advantage lender approved by SBA.

“SBA has a longstanding relationship with RBAC,” said SBA New Jersey District Director Alfred J. Titone. “They initially started as an SBA Microlender, and then became an SBA 504 Certified Development Company. Becoming an SBA Community Advantage lender will allow RBAC to provide underserved companies with SBA loans up to \$250,000, while receiving the benefit of SBA’s guarantee from 75 percent to 85 percent.”

“Access to Capital is a major obstacle for small businesses in underserved communities,” said William Pazmino, Executive Director of RBAC. “Minority and women-owned businesses as well as businesses in rural areas have been among the hardest hit by the recent economic downturn. RBAC to-

gether with SBA’s Community Advantage loan program will provide capital and technical assistance to business owners in low to moderate income areas.”

According to Titone, Community Advantage leverages the experience that lenders like RBAC already have in lending in economically challenged markets. “RBAC’s track record in lending, as well as their management and technical assistance expertise will go a long way in helping to make their borrowers successful,” said Titone. “Community Advantage only will complement the other SBA products that RBAC offers its customers.”

Community Advantage and Small Loan Advantage (for SBA’s Preferred Lenders) offer a streamlined application process for SBA-guaranteed 7(a) loans up to \$250,000. Advantage loans come with the regular 7(a) government guarantee, 85 percent for loans up to \$150,000 and 75 percent for those greater than \$150,000. Details on both programs are available at: <http://www.sba.gov/advantage>. SBA will review and approve new lenders on a continuing basis.

RBAC will begin making Community Advantage loans immediately. Those interested in the SBA Community Advantage loan program should contact Nathalia Giraldo at RBAC at 609-587-1133 or at nathalia@rbacloan.com. Additional information may be obtained by visiting www.rbacloan.com.

Upcoming Events

Introduction to Starting Your Own Business (SCORE)
Wednesday, Aug. 17, 2011
6:00 p.m. - 8:30 p.m.
Morris County Library
Whippany, NJ 07981
Fee: None
For Info: (973) 442-6400
info@NJscore24.org

Meet the Lenders
Friday, Aug. 26, 2011
10:00 a.m. 1:00 p.m.
Brookdale Community College
Advanced Technology Bldg.
Room 218-220
765 Newman Springs Road
Lincroft, NJ 07738
Fee: None
For Info: (732) 842-8685
MQSBDC@brookdalecc.edu

Angel Investing and other Funding Sources
Thursday, September 8, 2011
6:45 p.m.—8:45 p.m.
Greater Princeton SCORE
Hamilton Township Free Public Library
1 Justice Samuel A. Alito Way
Hamilton NJ 08619
Fee: None
For Info: (609) 393-0505
info@scoreprinceton.org

Starting and Managing Your Own Business
Tuesday, Sept. 20, 2011
9:00 a.m.—2:30 p.m.
SCORE at the SBA
Two Gateway Center—15th Fl.
Newark, NJ 07102
Fee: \$30 in advance
\$35 at the door
Includes book
For Info: (973) 645-3982

Financing Your Small Business
Tuesday, October 4, 2011
9:00 a.m. — 11:00 a.m.
NJ SBDC at Kean University
NJ Dept. of Labor Bldg. 921
Elizabeth, NJ 07201
Fee: None
For Info: (908) 737-4220
SBDC@kean.edu

The U.S. Small Business Administration Region II regional office is inviting all SBA participating lenders throughout New Jersey to take part in the 2011 America East Conference, scheduled for August 15 through 17 at the Hyatt Regency Buffalo, in Buffalo and Niagara Falls, NY.

SBA's premier lender conference, last year's America East attracted over 400 lenders and SBA resource partners from Maine to Florida on the Eastern Seaboard. "As the economy evolves, knowledge of SBA loan programs and other credit risk mitigation tools becomes more significant than ever," said SBA Region II Regional Administrator



Conference for SBA Lenders

Jorge Silva-Puras. "America East is designed to provide intensive training to both new and seasoned SBA lenders, resulting in better delivery of our programs and expanded access to credit for the small business community."

According to Silva-Puras, this year's America East Conference topics will include: Supporting Your Exporter; Eligibility; Servicing your SBA Customer: Franchise Eligibility & the Franchise Registry; Expediting your SBA Approval; SBA Advantage & Community Advantage; and many more. The conference will also

include a day on Goat Island in Niagara Falls, with educational sessions on international trade opportunities.

Registration for this year's event is \$299.00, and includes all meals and conference materials. Those interested in attending may register online by logging on to www.sba.gov/ny/buffalo and clicking on "America East Conference for SBA Lenders" on the right-hand side of the screen. For more information, please contact Buffalo Deputy District Director Victoria Reynolds at victoria.reynolds@sba.gov or (716) 551-4301, ext. 311.



SBA Mobile App

Smart phone users interested in starting or growing a small business can now find helpful resources at their fingertips via a new SBA mobile application from the U.S.

Small Business Administration.

"Increasingly, smart phones are the vehicle through which Americans access information. This is certainly true of many entrepreneurs and small business owners and this new application ensures they will have access to SBA's resources and programs – literally at their fingertips," said SBA Administrator Karen G. Mills. "Greater mobility fits with the new user-focused SBA.gov launched recently, and is another example of the steps we are taking to do a better job of connecting entrepreneurs and small business owners with the tools to help them start or grow their businesses and create jobs."

Developed and donated as a gift by Palo Alto Software, Inc., the SBA mobile app will make the search for extensive resources more efficient, whether users are starting a new business or taking an existing business to a new level. The app will first be available for the Apple iPhone®, with future versions for other smart phone platforms.

"Palo Alto Software's mission is to help small

businesses succeed. We've developed this mobile application for the SBA because we understand the importance of having the right tools and resources when starting or growing a business," said Sabrina Parsons, CEO of Palo Alto Software. "Ideas can strike entrepreneurs at any moment, and having useful resources available through mobile devices could be the impetus that begins the next big company."

The mobile app will help users connect with SBA district office staff and SBA-affiliated counselors and mentors who can provide free, personalized small business assistance. The user-friendly format of the app will help answer questions such as: How do I start a business? Where can I go in my area to get free help with writing a business plan? And where do I begin finding funding for my business?

The SBA mobile app also features a built-in startup cost calculator to help estimate the costs associated with getting a business off the ground, plus an SBA partner locator. Users will also have mobile access to SBA video content and social media alerts to provide them with tips on the go. This will include live updates from the SBA's YouTube channel and from SBA's Twitter feeds.

The free mobile app can be downloaded from the SBA's website at www.sba.gov/content/sba-mobile-app.