



THE LENDER'S ADVANTAGE

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West Virginia
District Office

320 W. Pike Street,
Suite 330
Clarksburg, WV 26301
Ph: (304) 623-5631
www.sba.gov/wv

[Judy McCauley](#)
District Director

Lender Relations:

[Emma Wilson](#)
(304) 347-5220
Emma.wilson@sba.gov

[Richard Haney](#)
(304) 623-7449
Richard.haney@sba.gov

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Editor:
[Richard Haney](#)

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Lenders 2012 Quality Circle – Seven Springs

Attention Procrastinators – The QC 2012 registration deadline has been extended until Wednesday, March 7, 2012. Visit www.wpasgl.org and select the QC2012 link at the top right of the page to register today. Or you can call Colleen Molinero at 412-977-7834 or email WPASGL@gmail.com. See the attached registration kit for more detailed information which includes the Agenda and Activities.

Don't wait – Sign Up Today!

SBA CAPLines Program: Contract CAPLine

Lenders take note! This is the first in a series of notes on SBA's revised CAPLine program. The different CAPLines will be discussed in subsequent newsletters.

“**CAPLines**” are an SBA 7(a) guaranty program to serve specific working capital needs of small businesses. Features include:

- Maximum line amount: \$5 million
- Regular SBA guaranty percentages apply
- Types of CAPLines include:
 - Working Capital
 - Contract
 - Seasonal
 - Builder's
- Maximum maturity: 10 years (5 years for Builders CAPLine)
- Extraordinary lender servicing fees permitted
- Can be processed regular 7(a) or PLP

“**Contract CAPLine**” This program finances contracts or purchase orders for contractors and similar enterprises. Proceeds are to be used to finance all of the costs of an eligible contract or purchase order except profit. Eligible contracts can include prime and subcontractor contracts and contracts with performance bonds.

In addition to meeting standard SBA eligibility criteria, the borrower must show the ability to operate profitably based on prior contract completion; possess the ability to bid, accurately project costs and perform the specific work required by the contract; and have the financial capacity and technical expertise to complete the contract on time and at a profit.

Collateral is generally a first lien assignment of the contract and proceeds with proper UCC filing. Exceptions are permissible under narrow conditions.

Single or multiple contracts can be financed under CAPLines. The lender may use its own note and guaranty agreement forms rather than SBA's. Generally, disbursements are made based on progress payments. For contract CAPLines, an extraordinary servicing fee not exceeding 2 percent of the outstanding line balance per year is permitted.

Personalized Lender Training Available

Lender Relations Specialists are available to provide specialized training on SBA loan processing, servicing, and liquidation. The training can be held at your facility or a location of your choosing or via our web conferencing system. To schedule your institution's customized loan training session, contact [Emma](mailto:emma.wilson@sba.gov) at (304) 347-5220 (emma.wilson@sba.gov) or [Rick](mailto:richard.haney@sba.gov) at (304) 623-7449 (richard.haney@sba.gov). Remember, your Lender Relations Specialists are here to help you. Please contact them with any questions, big or small, you may have regarding SBA lending.

Best Practices – Form 912

You asked your applicant to complete their Personal History Form, and they check “yes” to the question “Have you ever been charged with or arrested for a criminal offense.” Does that mean the loan is ineligible? NO! But it does mean there are a few more steps to take. Here are recommendations for clearing these offenses:

- A completed Form 912 tips:
 - Provide lender name and loan amount on the Form 912
 - Applicant must initial and sign where indicated
- Full criminal history. List offenses (including whether they were misdemeanors or felonies) and the date they occurred, disposition (fees, probation, dates, etc.)
- A completed form FD-258 fingerprint card if applicant:
 - Had one or more felony
 - Had two or more misdemeanors that occurred within the past 10 years, or
 - If requested by District Office

Remember, this applies to all arrests, whether the applicant was convicted or not. Any applicants currently on parole or probation are not eligible.

1502 Reporting Due Dates

Monthly 1502 reports and payments are due to the Fiscal and Transfer Agent on the third calendar day of the month. SBA [Notice 5000-1229](#) (attached) lists the final due dates for 1502 Reports and Monthly Payments, as follows: Mar. 7; Apr. 5; May 7; June 6; July 6; Aug. 7; Sept. 6; Oct. 7; Nov. 7; Dec. 5.

These dates include the 2-business day grace period. Any payments received after these dates will be subject to Late Penalty.

Any questions regarding the Notice can be directed to John Wade at 202-205-3647. Questions on Late Penalties should be directed to Larry Packer of Colson Services at 718-3115-5120 or via email at latepenalty@colsonservices.com.

Save the Dates!

April 11 – Export Lenders Roundtable – Washington, DC

With more than 250,000 small businesses exporting (expected to double by 2015) now is the time to consider using SBA's export loan programs to **expand your portfolio and increase your market share in export financing**. See attached for additional information.

August 1-3 - America East SBA Lender Conference – Baltimore, MD

Registration and additional information will be coming soon!

SBA Lenders Website

The lenders website, www.sba.gov/for-lenders, contains the latest updates, resources and tools for SBA's lending programs.

You can:

- Download our Loan Package Tool to quickly access loan packages containing all forms related to a selected loan type
- Access weekly lending reports
- Submit loan packages electronically to an SBA center using SendThisFile, or use the E-Tran tool for 7(a) applications
- Get an overview of the steps required for processing loans with the SBA

In addition, we provide Lender Quick Links covering:

- Steps in SBA lending
- Secondary Markets
- Lending reporting instructions
- Lender e-payments
- Working with the SBA

Refinance Mortgage Debt with a 504 Loan

Small businesses facing maturity of commercial mortgages or balloon payments before Dec. 3, 2012, may be able to refinance their mortgage debt with a 504 loan.

The refinancing loan is structured like SBA's traditional 504, with borrowers committing at least 10 percent equity and working with third-party lending institutions and SBA-approved Certified Development Companies in the standard 50 percent/40 percent split. A key feature of the new program is that it does not require an expansion of the business in order to qualify.

The program, authorized under the Small Business Jobs Act, will be in effect through Sept. 27, 2012. For details, visit www.sba.gov/content/504-loan-refinancing-program.

Lenders – Use 504 Loans to Help Build Communities

The SBA's Certified Development Company/504 loan program is a long-term financing tool, designed to encourage economic development within a community. 504 loans provide small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization. Typically a CDC/504 project includes:

A loan secured from a private sector lender with a senior lien covering up to 50 percent of the project cost; A loan secured from a CDC (backed with 100% SBA-guaranteed debenture) with a junior lien covering up to 40 percent of the project costs; and a contribution from the borrower of at least 10 percent of the project cost (equity).

Proceeds from 504 loans must be used for fixed assets such as:

The purchase of land, including existing buildings; the purchase of improvements, including grading, street improvements, utilities, parking lots and landscaping; the construction of new facilities or modernizing, renovation or converting existing facilities.

For more information, visit www.sba.gov/content/cdc504-loan-program.

Lenders on the Move

Congratulations to **Poca Valley Bank**, **Main Street Bank** and **Pendleton Community Bank** for renewing their SBAExpress and Patriot Express status.

Advantages for becoming a SBAExpress lender:

- Low documentation/streamlined processing;
- 1 to 3 day guaranteed processing time;
- 50% Guarantee; 4) Maximum Loan Guarantee - \$350,000.

Contact [Emma](#) or [Rick](#) for information on becoming a SBAExpress or Patriot Express lender.

FY 2012 Lender Ranking

As of Feb. 29, 2012

	Lender Name	\$ Amount	Loans
1	Huntington Bank	\$1,409,700	23
2	The First State Bank	\$9,300,000	9
3	BB&T	\$1,7135,300	8
4	Community Trust Bank, Inc.	\$623,000	3
5	OVIDBC CDC, Inc. (504)	\$3,114,000	2
6	Business Finance Group (504)	\$616,000	2
7	Poca Valley Bank	\$553,000	2
8	JP Morgan Chase	\$32,400	2
9	First Freedom Bank	\$425,000	1
10	United Bank	\$350,000	1
11	Main Street Bank	\$125,000	1
12	Mountain Valley Bank	\$63,000	1
13	Manufacturers & Traders	\$50,000	1
14	Pendleton Community Bank	\$40,000	1
15	Superior Financial Group	\$10,000	1
	Totals	\$17,846,400	58

West Virginia Certified Development Companies

WV CDC

Northgate Business Park
160 Association Dr.
Charleston, WV 25311
Steve Webb
304-558-3691
Steven.j.webb@wv.gov
www.wveda.org
Statewide

RED Partnership

1310 Market St., 3rd Fl.
PO Box 1029
Wheeling, WV 26003
Brian Komorowski
304-232-7722
kski@redp.org
www.redp.org
Statewide

Business Finance Group

535 Winter Camp Tr.
Hedgesville, WV 25427
Elizabeth Wilson
800-434-9427
ewilson@businessfinancegroup.org
www.businessfinancegroup.org
Counties: Berkeley, Hampshire, Jefferson
and Morgan