

CLEVELAND DISTRICT OFFICE NEWS  
 INFORMATION FOR THE SMALL BUSINESS COMMUNITY

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LOAN REPORT AS OF JANUARY 31, 2009

**7(a) and 504 Loans Combined**

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	63	\$10,179
US Bank	28	\$4,353
National City Bank	26	\$2,643
Charter One Bank/RBS Citizens	24	\$2,020
KeyBank	17	\$4,698

**504 Loans**

Bank	Number 504 Approvals
National City Bank	4
Huntington National Bank	3
Charter One Bank/RBS Citizens	2
First Federal Bank	2

CDC	Number 504 Approvals	Dollars (In Thousands)
Cascade Capital Corp.	8	\$3,489
Lake County SBAC	7	\$2,312
Growth Capital Corp.	6	\$2,102
Northwest Ohio Dev. Ass't.	2	\$1,577
West Central Partnership	2	\$2,038
Horizon Certified Dev. Co.	1	\$1,172
SEM Resource, Inc.	1	\$1,732

In News for Our Lending Partners:

- 2nd Quarter "Peg" Rate and Maximum 504 Third Party Interest Rate
- New SBA Form 1086 Secondary Participation



## News For Our Lending Partners

### *2nd Quarter "Peg" Rate and Maximum 504 Third Party Interest Rate*

The optional peg rate for fluctuating interest rates on guaranty loans is 4 1/2 percent (4.500%) for the January - March quarter of FY 2009.

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.

### *New SBA Form 1086 Secondary Participation Guaranty Agreement Program*

The U.S. Small Business Administration (SBA) has modified SBA Form 1086, "Secondary Participation and Guaranty Agreement" to include LIBOR as an acceptable base rate for SBA guaranteed loans. Other minor changes, such as updated fees, have also been made to SBA Form 1086. SBA Form 1086 is the multi-party agreement executed among the lender, the investor (Registered Holder), SBA and SBA's fiscal and transfer agent, Colson Services Corp. (Colson) when an SBA 7(a) guaranteed loan is sold into the secondary market. Lenders and investors can access the new SBA Form 1086 through Colson's website <http://www.colsonservices.com/main/forms/form1086.pdf>, or via hyperlink from SBA's website <http://www.sba.gov/aboutsba/sbaprograms/elending/index.html>.

The new SBA Form 1086 (version December 2008) is effective January 1, 2009. The December 2008 version of SBA Form 1086 must be used for all loans presented for settlement at Colson after December 31, 2008. Loan packages received by Colson by December 31, 2008, can use the old version of SBA Form 1086. All loans received at Colson after December 31, 2008, must use the December 2008 version of SBA Form 1086. ♦

***If you have any questions on this or any SBA loan matter, please contact our Lender Relations division at (216) 522-4180.***

### SBA Offers New Online Resources for Small Businesses to Help with Economic Recovery

Entrepreneurs can take advantage of new, free online training and other resources offered by the U.S. Small Business Administration to assist them during this period of economic recovery.

The SBA offers a variety of online courses to assist small businesses in more effectively managing their firms in the current economy. The new course topics, available directly at

[www.sba.gov/services/training/onlinecourses](http://www.sba.gov/services/training/onlinecourses), include revising business plans to reposition with current conditions, winning customers in a slowing economy, restructuring existing debt, and diversifying your customer base with federal contracts.

The most recently added course is "Downshifting in a Slowing Economy: A Business Planning Guide." This course is designed to help business owners reorganize and streamline their business strategies. Other related business tools include a new automated business plan template, and an assessment and strategies guide for surviving in a slowing economy.

"The SBA is helping small businesses with the resources and tools they need in the current business cycle," said Jeff Andrade, Associate Administrator for Entrepreneurial Development. "In addition, SBA offers a variety of resources and referrals to small businesses uncertain about what to do in the current economy on its Web page on Economic Recovery at [www.sba.gov/helpingmainstreet](http://www.sba.gov/helpingmainstreet)."

Each free course is self-paced, and provides practical guidance on how to stay on top of economic conditions. These and other courses can be accessed from the SBA's Web site at [www.sba.gov/training](http://www.sba.gov/training). To access them, click on "Free Online Courses," then make a selection under the header "Surviving in a Down Economy."

The SBA can also help to find local agency offices and lenders. Business owners can: talk with an SBA representative about financing options and identify local, participating SBA lenders; learn about SBA's Loan Guaranty Program using an electronic guide with audio and many targeted links; and train with expert counseling and mentoring services by talking with an SBA representative or resource partner about management assistance. ♦

## CDC Meeting Held in District Office

The SBA Cleveland District Office hosted a meeting on January 6th, 2009 with all the Certified Development Companies (CDC's) in the District. CDC Directors and Officers from Growth Capital Corp., Cascade Capital, Lake County Small Business Assistance, Mahoning Valley Economic Development, Mentor Economic Assistance, Northwest Ohio Development Assistance, Stark Development Board Finance, and Community Capital Development attended. Gil Goldberg, SBA Cleveland District Director, conducted the meeting. Mr. Goldberg had a constructive and informative dialogue with the CDC's. Discussion focused on the economy, the current lending environment, loan activity, the "energy" addition to the Public Policy goals, and the future outlook.

The CDC's are hopeful the weak lending environment will improve in 2009. Many of the CDC's are working to at least match the number of 504 loans they made last fiscal year. John Kropf, Director of Growth Capital Corp. (which was the District's leading CDC lender in 2008), said he is "aggressively pessimistic" about 504 lending in Northern Ohio in 2009, which he describes as meaning that despite the poor economy, he is going to be very aggressive and double his efforts to overcome the economic pessimism.

Also discussed was the new Energy Efficiency Public Policy Goals. The CDC's were pleased to know 504 loans can be increased to \$2,000,000 on projects that reduce energy consumption by 10%, or have a sustainable design that reduces greenhouse gas and non-renewable resources and minimizes environmental impact, or have plant, equipment, and process upgrades of renewable energy sources. There are new categories of loans where the 504 financing can be up to \$4,000,000 for projects that reduces the borrower's energy consumption by at least 10% and generates renewable energy or renewable fuels such as bio-diesel or ethanol production. ♦



*Above, from left to right: : Jeff Hasapis, Stark Development Board; Gil Goldberg, SBA Cleveland District Director; Alan Weaver, Lake County Small Business Alliance; Teresa McCleary, Mahoning Valley Economic Development Corporation; Larry Marcus, Stark Development Board*

*Below, from left to right: Donald French, Mahoning Valley Economic Development Corporation; Robert Filipiak, Cascade Capital Corporation; David Kinzel, Cascade Capital Corporation; Jeff Hasapis, Stark Development Board; Jim Donato, SBA Cleveland; Martin Gareau, Community Capital Development Corporation; John Kropf, Growth Capital Corporation*



## Small Business Gains When the Regulatory Flexibility Act is Followed

*Oversight of RFA Saves Small Business \$10.7 Billion in FY 2008*

The Office of Advocacy of the U.S. Small Business Administration saved American small businesses \$10.7 billion in foregone regulatory costs in fiscal year 2008, by helping federal agencies comply with the Regulatory Flexibility Act. The RFA requires agencies to analyze the economic impact of proposed regulations on small entities and consider less burdensome alternatives that still reach the agencies' regulatory goals. Report on the Regulatory Flexibility Act, FY 2008 outlines federal agency compliance with the RFA, describes agency adherence to Executive Order 13272 that strengthens the RFA, and documents the results of Advocacy's Regulatory Review and Reform (r3) and Small Business Regulatory Flexibility Model Legislation initiatives.

Other highlights of Advocacy's efforts include:

- Submitting 33 public comment letters to federal agencies on regulatory proposals,
- Convening 28 roundtables to solicit opinions and concerns of small business stakeholders,
- Delivering the 2008 r3 Top 10 Rules for Review and Reform to agencies for their action, and
- Working with stakeholders in five states to pass regulatory flexibility legislation.

The Office of Advocacy, the "small business watchdog" of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. For more information and a complete copy of Report on the Regulatory Flexibility Act, FY 2008, visit the Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo). ♦

## IRS Continues to Roll Out New Web Products for Small Businesses and the Self-Employed

### *Small Business Resource Guide*

In order to provide the most timely and up-to-date tax information, the Small Business Resource Guide (SBRG), formerly a CD-ROM, is now available exclusively online at <http://www.irs.gov/businesses/small/article/0,,id=155439,00.html>.

Designed to equip small business owners with the skills and knowledge needed to successfully start and manage a business, IRS has ensured the SBRG 2009 Web site offers the same quality of information the SBRG CD was known for, covering a wide range of tax topics, Web links to business forms, publications, other useful governmental Web sites, and much more.

### *Small Business Video and Audio Presentations*

A new page at <http://www.irs.gov/businesses/small/article/0,,id=97726,00.html> on IRS.gov features video and audio presentations on a variety of topics for small businesses and self-employed taxpayers, highlighted by an audio podcast reenactment of the May 2008 IRS National Phone Forum for first-time Schedule C filers.

Also included are:

- Adjusting Employment Taxes: New for 2009
- Backup Withholding for Form 1099-MISC
- Bartering Income
- Choosing a Tax Preparer
- Employer Identification Numbers
- Small Business Tax Workshops
- Schedule C: Who needs to file and how to do it

In addition to these video and audio presentations, please visit the Small Business/Self-Employed Virtual Small Business Tax Workshop at <http://www.irs.gov/businesses/small/article/0,,id=200274,00.html> for instructional lessons.

### *Self-Employed Individuals Tax Center*

Small businesses and the self-employed will also find information and resources in the Self-Employed Individuals Tax Center at <http://www.irs.gov/businesses/small/selfemployed/>.

### *e-News for Small Businesses*

To learn about other IRS products and services, and to keep up with the latest IRS announcements for small businesses, start a free subscription to e-News for Small Businesses; just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit. ♦

## National Small Business Week 2009

Save the Date: May 17-19, 2009

*SBA to Mark 56th Year with Issue Forums, Receptions, and the Naming of National Small Business Person of the Year*

The nation's top entrepreneurs will be hailed at the U.S. Small Business Administration's National Small Business Week events May 17-19, in Washington, D.C., marking the 56th anniversary of the agency, and the 46th annual proclamation of National Small Business Week.

More than 100 small business owners from across the country will gather for three days of events at the city's Mandarin Oriental Hotel to be honored for their accomplishments as the nation's leading small businesses. The highlight of events will be the announcement of the National Small Business Person of the Year. Men and women also will be recognized their involvement in disaster recovery, government contracting, and their support for small businesses. Awards also will be presented to SBA partners in financial and entrepreneurial development, including SCORE Chapter, Small Business Development Center and Women's Business Center of the year.

Small Business Week award winners will meet with top agency officials, congressional representatives and national business leaders. The State Small Business Award Winners and recipients of the Champion and other Entrepreneurial awards are nominated by local trade associations, chambers of commerce and business organizations and government agencies. Media outlets are encouraged to cover National Small Business Week events, and can register online. Additional information on the Small Business Week 2008 events is available at [www.sba.gov/sbw](http://www.sba.gov/sbw). ♦

SBA media contacts for National Small Business Week are Dennis Byrne (202-205-6567, [dennis.byrne@sba.gov](mailto:dennis.byrne@sba.gov)) and Cecelia Taylor (202-401-3059, [cecelia.taylor@sba.gov](mailto:cecelia.taylor@sba.gov)).