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Loan Report as of July 31, 2009

7(a) and 504 Loans Combined

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	134	\$16,576
Charter One Bank/RBS Citizens	60	\$3,719
KeyBank	56	\$11,680
National City Bank	50	\$10,438
US Bank	47	\$8,532

504 Loans

Bank	Number 504 Approvals
National City Bank	12
FirstMerit Bank	9
Fifth Third Bank	5
CFBank	3
First Federal Bank	3
Huntington National Bank	3
JPMorgan Chase Bank	3
KeyBank	3

CDC	Number 504 Approvals	Dollars (In Thousands)
Growth Capital Corp.	22	\$6,858
Cascade Capital Corp.	17	\$8,328
Lake County SBAC	12	\$6,223
Northwest Ohio Dev. Ass't.	6	\$4,391
Stark Development Board	3	\$2,013
West Central Partnership	3	\$2,136
Mahoning Valley Economic Dev. Corp.	2	\$741
Horizon Certified Dev. Co.	1	\$1,172
Mentor Economic Ass't. Corp.	1	\$194
Ohio Statewide	1	\$250
SEM Resource, Inc.	1	\$1,732

NEWS FOR OUR LENDING PARTNERS

Lender Payments to SBA Using Pay.gov

Currently, the SBA requires the use of Pay.gov, Treasury's electronic payment portal, for the payment of up front guaranty fees by all lenders using the 7(a) wizard for long-term 7(a) loans.

What's new?

The SBA is expanding the required use of Pay.gov. Effective October 1, 2009, SBA now requires lenders to use Pay.gov for the payment of all loan guaranty fees, care and preservation of collateral expenses, lender review fees and the fees associated with the Transaction Report on Loans Services by Lender. This new requirement applies to all 7(a) long and short term loans.

Are there any exceptions to this requirement?

Yes. Lenders currently enrolled with the SBA for bulk ACH electronic payment processing may continue to use that method for Guaranty Fees only. Also, any lenders currently participating with the SBA on electronic commerce pilot or development projects are excluded from this requirement for the specific fees that are involved in the pilot or development project.

What is Pay.gov?

Pay.gov is a free, secure, government-wide financial transaction portal managed by the U.S. Department of the Treasury's Financial Management Service (FMS). FMS developed this portal in partnership with the Federal Reserve Banks to offer on-line payment remittance services that the public can use for electronically remitting payments and associated data to Federal agencies. Pay.gov is convenient, easy-to-use and available 7 days a week, 24 hours a day.

Who should use this website?

The Pay.gov website should be used by all lenders to make payments and send data to the SBA associated with the following fees:

Form 1544 -	Guaranty Fee (the upfront fee at loan approval)
Form 1544 -	Care & Preservation of Collateral (CPC) Expenses
Form 1544 -	Lender Review Fees (Office of Credit Risk Management)
Form 172 -	Fees associated with the "Transaction Report on Loan Serviced By Lender"

The Pay.gov website is located at: <http://www.pay.gov> or can be accessed through <http://www.sba.gov> using the E-Payments link.

How does the Pay.gov website work?

Payments made to SBA through the website are handled electronically by use of either a checking or savings account debit that is processed through the national Automated Clearing House (ACH) network, or through use of a credit card. In the near future, Pay.gov plans to develop programming which will allow debits to general ledger accounts as well.

Lenders should access the "Should I Register" link on the main webpage and sign up to get a User ID to login. By using a User ID, a lender will be able to schedule payments online and have the ability to track scheduled payments.

Any payment processed through Pay.gov that requires a refund from SBA will be made by check. SBA can receive but cannot make payments electronically through Pay.gov.

For more information on how to access the Pay.gov, please see the attachment to this notice.

Who do I contact with questions?

For questions regarding usage of the Pay.gov web site, contact the Pay.gov Help Desk at 1-800-624-1373, Option #2.

For questions regarding your payment to SBA, contact the DFC Action Desk at (303) 844-2411 or by e-mail at DFCActionDesk@sba.gov

SBA is committed to working with our lending partners to assist them in making a successful transition to all electronic remittances.

(Continued on page 3)

News for Our Lending Partners *(from page 2)*

Version 2009.4 of the 7(a) Boilerplate Authorization and Wizard Released

SBA announces the release of Version 2009.4 of the National 7(a) Authorization Boilerplate and Wizard. Version 2009.4 has been created to accommodate the conditions necessary to authorize the guaranty of lines of credit under SBA's new Dealer Floor Plan Pilot Initiative. One of the principal changes is the creation of a new check box marked "DFP" for Dealer Floor Plan. When this box is checked, the 7(a) Wizard will be set to display those conditions necessary to authorize the guaranty of a floor plan line of credit through the Agency's 7(a) Loan Program.

Another change pertinent to all 7(a) loans is the elimination of a comment in the authorization which said loans using the SBA's Optional Peg Rate cannot be sold in the secondary market. There is no such restriction.

Users of the 7(a) Boilerplate and Wizard should read the "What's New" section located at the beginning of the Boilerplate to familiarize themselves with the major differences between Version 2009.3 (June 2009) and Version 2009.4.

Please note that in order to prepare an authorization for a floor plan line of credit and have that line receive the benefits of Section 501 of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") under which the up-front guaranty fee is being temporarily paid by the Agency, not by the lender (SBA Policy Notice 5000-1097), the user must check the 501 selection box at the beginning of the Wizard. Dealer Floor Plan Pilot Initiative lines of credit are not eligible to receive the benefits of Section 502 of the Recovery Act (where the guaranty percentage can be up to 90 percent and as described in SBA Policy Notice 5000-1098).

The Wizard is designed for use with Microsoft Office Word through the 2003 version.

Version 2009.4 is available at www.sba.gov. Lenders may access Version 2009.4 of the 7(a) Authorization by using www.sba.gov/aboutsba/sbaprograms/elending, then click on the "Authorizations" hyperlink on the right hand side of the page or by using www.sba.gov/aboutsba/sbaprograms/elending/authorizations/bank_Auth_National_7a.html.

Lenders should begin using Version 2009.4 as soon as possible, but have until August 1, 2009 to convert to this new version. This Boilerplate is incorporated by reference into SOP 50 10. ♦

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

More News for Our Lending Partners:

Regarding SBA Form 1502 and Colson, Inc. Customer Service contact information

Colson, Inc. is available for all Customer Service inquiries, including those pertaining to the SBA Form 1502 report. Please contact Christopher Anthony at 718-315-5115 or at Christopher.anthony@bnymello.com for assistance.

Recovery Act Changes to SBIC Program Mean Increased Funding Available for Small Businesses

Effective July 10, 2009, small businesses that would otherwise have difficulty securing private equity or venture capital may find final funding easier to get as a result of changes made as part of the American Recovery and Reinvestment Act to the U.S. Small Business Administration's Small Business Investment Company program. "The Recovery Act expands SBA's venture capital program to increase the pool of investment funding available to the Small Business Investment Companies licensed by SBA," said SBA Administrator Karen G. Mills. "We believe those companies will be better equipped by these changes to help sustain and grow small businesses for their next important growth steps."

SBICs are privately owned and managed venture capital firms which are licensed and regulated by SBA. SBICs use a combination of funds raised from private source and money raised through the use of SBA guarantees to make equity and mezzanine capital investments in small businesses. There are approximately 338 SBICs with \$17.4 billion in capital under management.

The changes made as part of the Recovery Act are:

- The Recovery Act makes SBICs eligible for greater SBA guaranteed funding and requires SBICs to invest 25 percent of their investment dollars into "smaller" businesses. Also, the amount of funding an SBIC may invest in a single small business is set at 10 percent of SBIC's total capital rather than the previous limit of 20 percent of an SBIC's private capital only. This translates to an effective 50 percent increase in funding available to a single business by an SBIC.
- Maximum SBA funding levels to SBIC will increase up to three times the private capital raised by the SBIC, up to a maximum of \$150 million for single SBICs, or up to \$225 million for multiple SBICs that are under common control. The cap for all licensees was set at \$137.1 million before the Recovery Act.
- These limits are even higher for SBICs that are licensed after October 1, 2009, that certify that at least 50 percent of their investments will be made in small business located in low-income areas, up to \$175 million for single licensees and up to \$250 million for jointly controlled multiple licensees.
- Changes to the SBIC program under the Recovery Act are permanent.

Industry associations have commended SBA for these changes and SBA continues to encourage new SBICs to apply for licensing and actively participate in the program.

The SBIC program was created to stimulate the growth of America's small businesses by supplementing the long-term debt and private-equity capital available to them. Since the SBIC program's formation in 1958 through April 2009, it has invested approximately \$56 billion in more than 106,00 small businesses in the United States. ♦

For more information about the SBA's Investment Division and SBIC program, go to www.sba.gov/INV or call 1-800-U-ASK-SBA.

SBA Offers \$10 Million Surety Bond Guarantee

Aids Recovery in Construction and Service Sectors

Building on Recovery Act provisions implemented earlier this year, the U.S. Small Business Administration announced July 23 it will now provide surety bond guarantees on federal contracts valued at up to \$10 million, if the contracting officer certifies that the guarantee is in the best interests of the government. An Interim Final Rule is available for public inspection at *The Federal Register*.

Currently, under a related provision of the Recovery Act that was implemented in March, SBA can provide bond guarantees up to \$5 million through September 2010 on all public and private contracts and subcontracts.

SBA partners with the surety industry to help small businesses that would otherwise be unable to obtain bonding in the traditional commercial marketplace. Under the partnership, SBA provides a guarantee to the participating surety company of between 70 and 90 percent of the bond amount.

“Raising the surety bond limit is a critical step in making sure small businesses in the construction and service sector have access to federal contracting opportunities that will help drive economic recovery,” SBA Administrator Karen Mills said. “These changes support small and emerging businesses nationwide, particularly construction contractors who have seen their markets hurt by a poor economy and lagging construction.”

Additional program enhancements published in the rule include:

- a new small business size standard for this program;
- authorization for SBA to exercise discretion in deciding bond liability issues; and,
- a definition of “Order” issued under an Indefinite Delivery Contract.

The new size standard (which will be in effect until Sept. 30, 2010) temporarily replaces the current size standard for the surety bond guarantee program. It states that a business is small if the business, combined with its affiliates, does not exceed the size standard designated for the primary industry of the business combined with its affiliates.

The North American Industry Classification System (NAICS) Codes contained in 13 CFR Part 121 establishes size standards for all industries http://www.sba.gov/contractingopportunities/owners/basics/GC_SMALL_BUSINESS.html.

Through its Bond Guarantee program, SBA will also help by guaranteeing bid, payment and performance bonds to protect the project owner against financial loss if a contractor defaults or fails to perform. Finally, the rule adds a definition for an “Order” issued under an Indefinite Delivery Contract to clarify that SBA bond guarantees apply to individual orders, as well as contracts. SBA assistance in locating a participating surety company or agent, and completing application forms, is available online. ♦

For more information on SBA’s Surety Bond Guarantee Program, including Surety Office contacts, go online to <http://www.sba.gov/osg/>, or call 1-800-U ASK SBA.

Ten Minority Small Businesses Compete to be Named MED Week 2009 National Minority Small Business of the Year

One of 10 minority small businesses from across the nation will be named the National Minority Small Business Person of the Year by the U.S. Small Business Administration during the 27th National Minority Enterprise Development (MED) Week conference in Washington, D.C. on Aug. 26-28. This year’s MED Week event, “*Energizing the American Economy with Minority Business Enterprises*,” will focus on helping minority small businesses navigate the current economic climate and tap into the financial resources and contracting opportunities that are available as a result of the President’s American Recovery and Reinvestment Act.

The conference will feature two workshops hosted by SBA: “*Win Government Contracts for Your Small Business*,” conducted by authors John DiGiacomo and James Kleckner on Aug. 26 and “*Strategic Alliances for Winning Business*,” to educate small businesses on how to develop strategic alliances and successful mentor-protégé relationships with graduates of SBA’s 8(a) Business Development program on Aug. 27.

Small businesses must register to attend these workshops at www.medweek.gov. Registration is free. MED Week 2009 will be held at the Omni Shoreham Hotel, and is co-hosted by the Minority Business Development Agency of the U.S. Department of Commerce and the SBA.

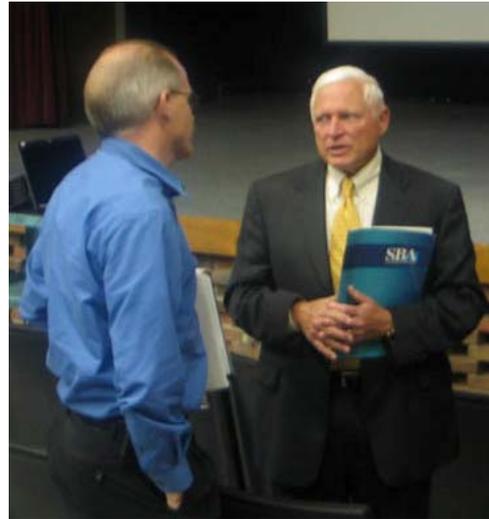
The national winner is selected from among 10 regional winners this year representing Massachusetts, New York, Virginia, South Carolina, Minnesota, Texas, Missouri, Colorado, California, and Idaho. The regional award winners have businesses that offer services ranging from construction and health care to environmental remediation and staffing. Held annually since 1983, MED Week recognizes minority businesses’ contributions to the nation’s economy. ♦

Small Business Stimulus Toolbox Seminars Held

The Cleveland District Office participated with the office of U.S. Senator Sherrod Brown, which hosted four seminars in the district for small business owners interested in learning more about assistance available for starting or growing a business. The seminars focused on new tools available to assist small businesses survive the tough times. Seminars were held in New Philadelphia, Toledo, Ohio.

The seminars highlighted the American Recovery and Reinvestment Act (ARRA) signed into law by President Obama on February 17th. SBA's enhanced loan programs provided by ARRA, including the new America Recovery Capital (ARC) loan program was discussed. SBA also presented on Selling to the Federal Government. In addition, speakers from other federal and state agencies (Small Business Development Center, SCORE, Ohio Economic Development, USDA, IRS, and the Ohio Attorney General's office) explained their small business programs and counseling services. ♦

(more photos on page 6)



SBA Cleveland District Director Gil Goldberg (right) and a member of the public at the New Philadelphia business assistance seminar.



SBA Cleveland Lender Relations Manager James Donato (at left) and District Director Gil Goldberg with New Philadelphia meeting attendees.



There was an excellent turn-out for the Toledo seminar.



Bill Wersell, Director of Toledo's Small Business Development Center, was a speaker at the Toledo event.

Small Business Stimulus Toolbox Seminars

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All the events, including the Akron seminar, offered informal opportunities to learn about small business resources.



At the Youngstown event, Senator Sherrod Brown's Regional Representative Jesse Gannon discussed small business assistance.



SBA Cleveland District Director Gil Goldberg spoke at the Akron seminar.

IRS's Top Seven Tips for Taxpayers Who Have Started or Are Thinking of Starting a New Business

Anyone starting or thinking of starting a new business should be aware of their federal tax responsibilities. Here are the top seven things the IRS wants you to know if you plan on opening a new business this year.

1. First, you must decide what type of business entity you are going to establish. The type your business takes will determine which tax form you have to file. The most common types of business are the sole proprietorship, partnership, corporation and S corporation.
2. The type of business you operate determines what taxes you must pay and how you pay them. The four general types of business taxes are income tax, self-employment tax, employment tax and excise tax.
3. An Employer Identification Number is used to identify a business entity. Generally, businesses need an EIN. Visit IRS.gov for more information about whether you will need an EIN. You can also apply for an EIN online at IRS.gov.
4. Good records will help you ensure successful operation of your new business. You may choose any recordkeeping system suited to your business that clearly shows your income and expenses. Except in a few cases, the law does not require any special kind of records. However, the business you are in affects the type of records you need to keep for federal tax purposes.
5. Every business taxpayer must figure taxable income on an annual accounting period called a tax year. The calendar year and the fiscal year are the most common tax years used.
6. Each taxpayer must also use a consistent accounting method, which is a set of rules for determining when to report income and expenses. The most commonly used accounting methods are the cash method and an accrual method. Under the cash method, you generally report income in the tax year you receive it and deduct expenses in the tax year you pay them. Under an accrual method, you generally report income in the tax year you earn it and deduct expenses in the tax year you incur them.
7. Visit the Business section of IRS.gov for resources to assist entrepreneurs with starting and operating a new business.

To get the latest IRS news and products and services, subscribe to e-News for Small Businesses on IRS.gov at <http://www.irs.gov/businesses/small/article/0,,id=154825,00.html>, click "Subscribe Now" at the bottom of the page and enter your e-mail address.

The [IRS Small Business and Self-employed Tax Center](http://www.irs.gov/businesses/small/index.html) at <http://www.irs.gov/businesses/small/index.html> has more information about starting and operating a new business. ♦