



THE LENDER'S ADVANTAGE

A Joint Publication of the Des Moines District Office and the Cedar Rapids Branch Office

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INFORMATION

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

Refresher on SBA's Small Rural Lender Advantage

Dear Lender –

As this is being written we are close to a month since the expiration of the authority for the 90% guarantee on 7(a) loans and the availability of funding for the upfront fee waivers. The Recovery Act Loan Queue is still open and for use as described in last month's newsletter.

This summer in partnership with the National Institute for Standards and Technology, Infraguard, FBI and SCORE we are offering two free half day workshops, one in Cedar Rapids and one in Des Moines on cyber security. We encourage you to pass this information along to your customers. Registration and details are on page 3 of the newsletter.

We have been fielding a few inquiries lately from lenders who are interested in renewing the SBA lending relationship or becoming engaged as SBA lenders. It's an exciting opportunity to explain the changes that may have occurred since their last SBA lending experience. Often the Small Rural Lender Advantage (SRLA) initiative is a good starting point.

SLRA was launched in 2008 and it's been some time since we discussed some of the benefits of this process to small lenders who may not be regular users of our program, particularly SBA Express. This 7(a) loan process is designed for smaller lenders with lower volume and loan amounts less than \$350,000. Lenders with a 3 year average of less than 20 loans per year are eligible to use this process. Key features of the initiative are:

- A streamlined, simpler, and more user friendly 7(a) process for small loans (\$350,000 or less)
- One page application (two sided) for very small loans with key, but limited additional information required for loans above \$50,000

- SBA guarantees 85 percent of loans of \$150,000 or less and 75 percent of loans greater than \$150,000

- Loans centrally processed through SBA's Standard 7(a) Loan Processing Center

- Expedited SBA processing with routine loans processed within 3-5 days

- Lenders can transmit applications via fax and email

- Simplified SBA loan eligibility questionnaire to help small or occasional lenders meet SBA's eligibility requirements

Detailed information on SRLA can be found on the SRLA website at www.sba.gov/rurallenderadvantage. Note this is different than the regular website for lenders at www.sba.gov/elending. The PowerPoint presentation found on the website provides a great overview of the SLRA process and application requirements.

The process has a lot of similarity to the former LowDoc program with the addition of a credit memo requirement and the required submission of the eligibility questionnaire.

If you are in need of assistance please do not hesitate to give either our Cedar Rapids Branch Office or Des Moines Office a call and we will assist you.

This SLRA process is a great starting point for becoming familiar with SBA 7(a) lending and stepping stone to our SBA Express program and Preferred Lender Program (PLP). We are in the process of identifying and will be issuing letters of invitation to lenders who may be eligible for PLP designation.

- Joseph M. Folsom, District Director

Updated Service Center Contact Information for IRS Tax Transcript Requests

The contact information used to request copies of IRS tax transcripts to verify business financial information included in SBA loan applications have been updated. Requests can be made using mail or FAX. The contact information for the IRS Center serving Iowa is:

RAIVS Team
Stop 37106
Fresno, CA 93888
559-456-5876 (FAX)

ALL SBA 7(a) and 504 related requests for IRS tax transcripts must be submitted to IRS Service Centers using the new IRS Form 4506-T. A copy of Form 4506-T is available on SBA's Intranet site <http://yes2007.sba.gov/Pages/default.aspx> and the SBA Banking site <http://www.sba.gov/banking/>.

Please note that SBA's logo must be included at the top of the form to ensure SBA related requests are

expedited and to ensure there will be no charge for the transcripts.

Questions or concerns may be directed to the IRS - Robert Shearer at 816-291-9727, or by e-mail: Robert.G.Shearer@irs.gov, Mary Ray at 816-291-9717, e-mail: Mary.R.Ray@irs.gov or SBA contact V. Anita Jacobs at (202) 205-6557, e-mail: Valoris.Jacobs@sba.gov.

Notice On Unpaid Ongoing Servicing Fee and 7(a) Guaranty Purchases

SBA has issued a notice (5000-1157) effective June 21, 2010, stating that when a 7(a) loan is submitted for guaranty purchase and there is an unpaid amount owed for the ongoing service fee, the fee will be calculated and automatically deducted through the Guaranty Purchase Tracking System from the purchase disbursement made to the lender.

SBA regulations located in 13 Code of Federal Regulations § 120.220 (f) provide that 7(a) lenders will pay the Agency an annual service fee based on the guaranteed portion of the outstanding principal balance on 7(a) loans. The amount of this ongoing fee

has varied, but since October 1, 2008, the fee has been equal to 0.55 percent (55 basis points) of the guaranteed portion of the outstanding principal balance of a loan.

Typically, when a 7(a) loan is submitted for guaranty purchase there is an unpaid amount owed for the ongoing service fee on the loan. In order to expedite purchase processing and to eliminate the need for SBA to bill a lender for the unpaid fee amount, the fee will be calculated and automatically deducted through the Guaranty Purchase Tracking System (GPTS) from the purchase disbursement made to the lender. This

process will start the week of June 21, 2010.

If SBA purchases the guaranteed portion of a loan from the secondary market, the unpaid annual service fee will be deducted from any secondary market servicing fee owed the lender. If the unpaid annual fee exceeds the lender's secondary market servicing fee, the lender will be billed for the difference.

Any questions regarding this Notice may be directed to walter.intlekofer@sba.gov.

SBA's Builders CAPLine Program Can Alleviate Building Construction Risk

Did you know that SBA offers a loan guarantee program for commercial and residential builders that also covers speculative housing?

Builders CAPLine is available to help alleviate risk in this somewhat uncertain real estate market. It finances the direct costs associated with building a commercial or a residential structure for sale. It also allows for speculative building if documentation of the likelihood of sale is provided. Lenders request this just like other 7(a) loans.

Borrowers must have previous demonstrated experience with the same

type of construction as that being financed. Such demonstrated performance is part of the application itself.

Since this is part of our 7(a) program, the maximum loan amount is \$2 million and the maximum term is five years. Our normal fees and standard guarantee percentages apply. The maximum interest rate, because of the five year maximum term, is prime plus 2.25 percent.

Very small Builders CAPLine loans can have higher interest rates. We will require no less than a second lien on

the real estate project financed. There is no prepayment penalty for the loan.

This is a loan program wherein SBA determines both eligibility and credit worthiness. The package itself will include the standard 7(a) application forms, a cash flow projection for the project, and a written demonstration of the builder's successful performance on similar construction.

If you think that the SBA's Builders CAPLine program might fit your customers, contact the SBA in Des Moines at (515) 284-4422 or in Cedar Rapids at (319) 362-6405.

FREE Cyber Security Workshops Available for Your Customers

Spyware, scareware, trojans, rootkits and viruses. These are just some of the threats facing many small businesses today. But most small businesses don't know what these are, much less how to defend against them.

SBA, the National Institute of Standards and Technology (NIST), and the Federal Bureau of Investigation (FBI) are sponsoring two free cyber security workshops in Iowa to help small business owners learn how to secure their electronic data and protect themselves from from a wide range of threats and vulnerabilities that could cripple their business. The first will be held **July 29th in Cedar Rapids** and will be repeated at **DMACC in Ankeny on August 26th**.

For more information, contact Alex Zenor at (515) 284-4554

To register, go to www.sba.gov/ia/desmo and click on "Register for SBA Events in Iowa"

SBA Lender Activity Report for MAY

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
CLEAR LAKE BANK & TRUST CO.	CLEAR LAKE	8	\$935,000	PRAIRIELAND ECON DEV CORP	MINNESOTA	1	\$485,000
NORTHWEST BANK	SPENCER	7	\$1,883,600	VIKING STATE BANK & TRUST	DECORAH	1	\$465,800
FIRST CENTRAL STATE BANK	DEWITT	5	\$340,000	AMERICAN TRUST & SVGS BANK	DUBUQUE	1	\$300,000
IOWA BUSINESS GROWTH CO.	JOHNSTON	4	\$847,000	SECURITY SAVINGS BANK	LARCHWOOD	1	\$278,000
FARMERS STATE BANK	MARION	4	\$791,000	MAQUOKETA STATE BANK	MAQUOKETA	1	\$250,000
QUAD CITY BANK & TRUST CO.	BETTENDORF	4	\$159,200	FIRST NATIONAL BANK	WAVERLY	1	\$200,000
WELLS FARGO	IOWA	4	\$148,000	COMMUNITY STATE BANK	TIPTON	1	\$184,500
LIBERTY BANK	WDM	3	\$2,468,000	EXCHANGE STATE BANK	COLLINS	1	\$170,000
GREAT WESTERN BANK	IOWA CITY	3	\$1,400,000	BANKIOWA	CEDAR RAPIDS	1	\$160,000
HILLS BANK & TRUST CO.	HILLS	3	\$305,000	1ST NATL BK IN CRESTON	CRESTON	1	\$132,000
FIDELITY BANK & TRUST	DUBUQUE	3	\$105,000	IOWA STATE BANK	CLARKSVILLE	1	\$125,000
CEDAR RAPIDS BANK & TRUST CO.	CEDAR RAPIDS	2	\$1,200,000	KERNDT BROTHERS SVGS BANK	LANSING	1	\$117,000
UNITED BANK OF IOWA	IDA GROVE	2	\$1,163,500	BLACK HAWK ECONOMIC DEV.	WATERLOO	1	\$114,000
FARMERS & MCHTS SVGS BNK	MANCHESTER	2	\$600,000	NORTHWOODS STATE BANK	MASON CITY	1	\$114,000
BANKERS TRUST CO	CEDAR RAPIDS	2	\$484,000	NORTHWEST BANK & TRUST CO.	DAVENPORT	1	\$90,000
THE STATE BANK OF TOLEDO	TOLEDO	2	\$80,000	COMMUNITY NATIONAL BANK	WATERLOO	1	\$89,900
CEDAR VALLEY BANK & TRUST	LA PORTE CITY	1	\$2,000,000	CEDAR FALLS COMMUNITY CU	CEDAR FALLS	1	\$80,000
LEGACY BANK	ALTOONA	1	\$1,468,100	MIDWESTONE BANK	IOWA CITY	1	\$75,000
DEWITT BANK & TRUST CO.	ARKANSAS	1	\$1,385,000	FARMERS TRUST & SVGS BANK	WILLIAMSBURG	1	\$64,500
HERITAGE BANK NATL ASSOC	HOLSTEIN	1	\$1,115,000	AMER BANK NATL ASSOC	LE MARS	1	\$35,000
HEDRICK SAVINGS BANK	OTTUMWA	1	\$1,050,000	FARMERS SAVINGS BANK	COLESBURG	1	\$35,000
SIOUXLAND ECON. DEVEL CORP	SIOUX CITY	1	\$821,000	IOWA STATE BANK	ALGONA	1	\$32,900
SMALL BUS. GROWTH CORP	ILLINOIS	1	\$768,000	AMES COMMUNITY BANK	AMES	1	\$30,000
VALLEY BANK	ILLINOIS	1	\$765,000	FIRST NATIONAL BANK	SIOUX CENTER	1	\$30,000
BANK OF THE WEST	CALIFORNIA	1	\$541,700	U.S. BANK	IOWA	1	\$15,000

The following lenders were participant lenders in the SBA's 504 Loan Program in Iowa during the month of May

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
FIRST CITIZENS BANK	MASON CITY	1	\$1,161,500	CLEAR LAKE BANK & TRUST	CLEAR LAKE	1	\$260,000
BLACK HAWK BANK & TRUST	DAVENPORT	1	\$950,000	FARMERS STATE BANK	MARION	1	\$157,500
LIBERTY BANK FSB	SPIRIT LAKE	1	\$600,000	COMMERCIAL SAVINGS BANK	CARROLL	1	\$147,500
IOWA STATE BANK	BURLINGTON	1	\$500,000	FARMERS STATE BANK	CEDAR FALLS	1	\$140,000