



THE LENDER'S ADVANTAGE

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

JUNE 2011

INFORMATION

On-Line Lender Toolkit

www.sba.gov/for-lenders

Des Moines District Office

210 Walnut Street, Rm. 749
Des Moines, IA 50309-2186
(515) 284-4422
(515) 284-4572 (Fax)
www.sba.gov/ia

Joseph M. Folsom
District Director
(515) 284-4026
joseph.folsom@sba.gov

Cedar Rapids Branch Office

2750 1st Ave. NE – Ste. 350
Cedar Rapids, IA 52402
(319) 362-6405
(319) 362-7861 (Fax)

Dennis Larkin
Branch Manager
(319) 362-6405 ext. 2020
G.D.Larkin@sba.gov

Standard 7(a) Loan Guaranty Processing Center

6501 Sylvan Road
Citrus Heights, CA 95610
Phone: (916) 735-1960
ext. 4368
Fax: (916) 735-1975
or
(916) 735-1680

OR

262 Black Gold Blvd.
Hazard, KY 41701
Phone: 606-436-0801
ext. 229
Fax: (606) 435-2400
E-mail:
loanprocessing@sba.gov

Fresno Servicing Center

Fresno, CA
1-800-347-0922
202-481-0483 Fax

Liquidation & Purchase Center

Herndon, VA
(703) 487-9283
(202) 481-4674 Fax

504 & PLP Processing Center

6501 Sylvan Road
Citrus Heights, CA 95610
(916) 930-2463 or 930-2460
(916) 930-2160 FAX

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

SBA Tools to Assist Your Customers Seeking Smaller Loans

Dear Lender –

The total dollar volume of SBA lending is on track for another record fiscal year. On behalf of Iowa small businesses congratulations. As of the end of last week we are at \$230 million compared to \$207 million in 2010.

This increase, however, is attributed to significantly larger 7(a) loans. This year's average size 7(a) loan is \$459,000 compared to \$345,000 and actually exceeds the average 504 loan in size. We have a smaller number of small 7(a) loans being made and correspondingly a smaller number of loans being made to minorities and women.

In this issue I want to focus on several SBA 7(a) loan products that are conducive to smaller loan sizes while mitigating risk and reducing the cost of underwriting when compared to the standard 7(a) loan product.

The Express line consisting of SBA Express (50% guarantee), Patriot Express (85% or 75% guarantee) and Export Express (90% guarantee) are designed to take advantage of your underwriting, servicing and liquidation policies while using the majority of your own forms and procedures.

Small Rural Lender Advantage initiative is designed to accommodate the unique loan processing needs of small community/rural-based lenders by simplifying and streamlining loan application process and procedures. This program, similar to the former Low Doc program, has been further simplified.

Small Loan Advantage, launched earlier this year is designed specifically for lenders with Preferred Lender designation to take advantage of the simplified process of the Small Rural Lender Advantage. Preferred Lenders using this process will submit their applications electronically through E-Tran.

All of these product lines except Small Rural Lender Advantage may be processed using SBA's E-Tran interface, providing you 24-7 access to our loan approval process. If you would like to learn more about these programs, please contact our office in Cedar Rapids at (319) 362-6405 or in Des Moines at (515) 284-4422.

Included in this month's newsletter is registration information on a ReadyTalk webinar being hosted by our sister office in Mississippi on SBA's disaster program. This webinar is intended to provide lenders in-depth knowledge of SBA's disaster assistance program so you may better assist your customers. We have included the fact sheet for severe storms and tornado designation for Monona and Pocahontas counties issued earlier this year. The webinar will use a fact sheet for the recent Mississippi disasters.

Congratulations to Linda Haus who was recently promoted to the position of Deputy District Director for the SBA's Des Moines District Office.

- Joe Folsom, District Director

Iowa SBDCs Now Provide Export Assistance to Iowa Companies

The Iowa Small Business Development Center (SBDC) has a new International Trade Center, co-located at 2829 Westown Parkway in West Des Moines with the Mid Iowa Small Business Development Center and the West Des Moines Business Incubator.

Debbie Franklin will be based in West Des Moines but will travel across Iowa to help small businesses identify their export potential or improve their current exporting plans. She will work collaboratively with the U.S. Department of Commerce's Iowa Export Assistance Center, the Iowa Department of Economic Development's International Trade Office, and other trade agencies and programs, to benefit Iowa's small business exporters.

For more information on the Iowa SBDC's International Trade Center and services, call Debbie Franklin at (515) 509-5745, email her at DebbieF@iastate.edu, or visit our International Trade Center web page at www.iowasbdc.org/internationaltrade.aspx.

June 23rd Session for Lenders on SBA's Business Disaster Loan Program

You are invited to participate in a special training session for SBA lenders on the SBA Disaster business loan application package and process.

We are reaching out to SBA lenders in the nineteen states, INCLUDING IOWA that have existing SBA disaster declarations along with those that have pending declarations to participate.

DATE: Thursday, June 23, 2011

TIME: 12 Noon CDT

This training will be conducted via SBA ReadyTalk System as follows:

Call in number: 1-866-740-1260 –
Access Code: 3047002#

Web Presentation: www.readytalk.com
Input same access code above (3047002#) as Participant code.

The Session will include:

- An overview of SBA's disaster loan program
- How to register for disaster assistance
- Types of SBA disaster loans and limits
- A review of the business loan application package

- Brief discussion of the loan process
- How to obtain answers to questions

There is a limited number of phone lines and web logins available, therefore if you are interested in tuning into this live session, you must register.

If you are interested in this training session, it is important that you must register no later than 3:30pm CDT on Wednesday, June 22nd. Cut off will be made at maximum capacity, but the recorded session will be made available. Please register by contacting one of the following individuals:

Jeremy Sanford
(601) 965-4378 ext 10 or ext 17
jeremy.sanford@sba.gov

Deborah Dean
(601) 965-4378 ext 11
deborah.dean@sba.gov

Attached is a Fact Sheet being used as an example for the SBA Trainer to explain the interest rate that applies to disaster loans. For lenders who will take advantage of this training session, please download the entire SBA disaster business loan application package ahead

of time, review it, and have it handy during the live presentation. The link to the application is:
<http://www.sba.gov/content/disaster-loan-paper-applications>

Under *SBA Disaster Business Loan Application (paper forms)* you will want to download the forms listed.

PLEASE NOTE - SBA lenders are NOT authorized to process and approve disaster loan applications. There are however, SBA lenders, who are interested in learning about and getting more information on SBA disaster business loans so they can help their customers. This session is designed to educate you about the process so you can better inform and assist your small business customers who have been or who may be affected by current or future disasters.

This session is being hosted by the SBA Mississippi District Office in conjunction with the SBA Office of Disaster Assistance Field Operations Center East. The session will also be recorded and posted on SBA's website for future reference.

SBA Lender Activity Report for MAY

LENDER NAME	LOCATION	#	AMOUNT
IOWA BUSINESS GROWTH CO.	JOHNSTON	4	\$615,000
SMALL BUSINESS GROWTH CORP.	ILLINOIS	2	\$1,366,000
FIRST AMERICAN BANK	FT. DODGE	2	\$1,312,400
GREAT WESTERN BANK	IOWA	2	\$1,118,000
FIRST NATIONAL BANK OMAHA	NEBRASKA	2	\$875,300
WELLS FARGO BANK	IOWA	2	\$836,800
HILLS BANK & TRUST CO.	HILLS	2	\$161,700
COMMUNITY BANK	MUSCATINE	2	\$127,800
COMMUNITY 1ST CU	OTTUMWA	2	\$127,000
NORTHWEST BANK & TRUST CO	DAVENPORT	1	\$2,000,000
CENTRAL BANK	STORM LAKE	1	\$905,000
WEST BANK	WDM	1	\$675,000
FARMERS & MCHNTS SVGS BANK	MANCHESTER	1	\$645,000
SIouxLAND ECON DEV. CORP.	SIoux CITY	1	\$567,000

LENDER NAME	LOCATION	#	AMOUNT
FREEDOM FINANCIAL BANK	WDM	1	\$435,300
IOWA-NEBRASKA STATE BANK	NEBRASKA	1	\$350,000
LUANA SAVINGS BANK	LUANA	1	\$333,000
FARMERS STATE BANK	MARION	1	\$250,000
HERITAGE BANK NATL ASSOC	HOLSTEIN	1	\$250,000
CENTRAL STATE BANK	MUSCATINE	1	\$157,100
BANKERS TRUST COMPANY	CEDAR RAPIDS	1	\$150,000
NORTHWEST BANK	SPENCER	1	\$108,000
FARMERS STATE BANK	WATERLOO	1	\$100,000
PREMIER CU	DES MOINES	1	\$100,000
HEARTLAND BK & TR CO	ILLINOIS	1	\$73,000
CLEAR LAKE BK & TR CO	CLEAR LAKE	1	\$40,000
QUAD CITY BK & TR CO	BETTENDORF	1	\$35,000
LIBERTY BANK, FSB	WDM	1	\$14,000

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

LENDER NAME	LOCATION	#	AMOUNT
AMERICAN BANK & TRUST CO.	ILLINOIS	2	\$1,663,750
COMMERCIAL SAVINGS BANK	CARROLL	2	\$565,000
SECURITY NATIONAL BANK	SIoux CITY	1	\$690,000

LENDER NAME	LOCATION	#	AMOUNT
FARMERS STATE BANK	MARION	1	\$101,500
CITY STATE BANK	INDIANOLA	1	\$92,500

**U. S. SMALL BUSINESS ADMINISTRATION
FACT SHEET - DISASTER LOANS
IOWA Declaration #12541/12542**

(Disaster: IA-00030)

Incident: SEVERE STORMS AND TORNADOES

Occurring: April 9 through April 10, 2011

In the **Iowa** counties of **Monona & Pocahontas**;

The contiguous **Iowa** counties of: **Buena Vista, Calhoun, Clay, Crawford, Harrison, Humboldt, Ida, Kossuth,
Palo Alto, Sac, Webster & Woodbury**;

And the contiguous **Nebraska** counties of **Burt & Thurston**

Application Filing Deadlines:

Physical Damage: July 5, 2011

Economic Injury: February 6, 2012

Whether you rent or own your own home, own your own business, or own a small agricultural cooperative located in a declared disaster area, and are the victim of a disaster, you may be eligible for financial assistance from the U. S. Small Business Administration (SBA).

What Types of Disaster Loans are Available?

- Home Disaster Loans – Loans to homeowners or renters to repair or replace disaster-damaged real estate or personal property owned by the victim. Renters are eligible for their personal property losses, including automobiles.
- Business Physical Disaster Loans – Loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private, non-profit organizations such as charities, churches, private universities, etc., are also eligible.
- Economic Injury Disaster Loans (EIDLs) – Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.
- EIDL assistance is available only to entities and their owners who cannot provide for their own recovery from non-government sources, as determined by the U.S. Small Business Administration (SBA).

What are the Credit Requirements?

- Credit History – Applicants must have a credit history acceptable to SBA.
- Repayment – Applicants must show the ability to repay all loans.
- Collateral – Collateral is required for physical loss loans over \$14,000 and all EIDL loans over \$5,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but requires you to pledge what is available.

What are the Interest Rates?

By law, the interest rates depend on whether each applicant has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines the applicant does not have sufficient funds or other resources, or the ability to borrow from non-government sources, to provide for its own disaster recovery. An applicant, which SBA determines to have the ability to provide for his or her own recovery is deemed to have Credit Available Elsewhere. Interest rates are fixed for the term of the loan. The interest rates applicable for this disaster are:

	<u>No Credit Available Elsewhere</u>	<u>Credit Available Elsewhere</u>
Home Loans	2.688%	5.375%
Business Loans	4.000%	6.000%
Non-Profit Organization Loans	3.000%	3.250%
Economic Injury Loans		
Businesses and Small Agricultural Cooperatives	4.000%	N/A
Non-Profit Organizations	3.000%	N/A

What are Loan Terms?

The law authorizes loan terms up to a maximum of 30 years. However, the law restricts businesses with credit available elsewhere to a maximum 3-years term. SBA sets the installment payment amount and corresponding maturity based upon each borrower's ability to repay.

What are the Loan Amount Limits?

- **Home Loans** – SBA regulations limit home loans to \$200,000 for the repair or replacement of real estate and \$40,000 to repair or replace personal property. Subject to these maximums, loan amounts cannot exceed the verified uninsured disaster loss.
- **Business Loans** – The law limits business loans to \$2,000,000 for the repair or replacement of real estate, inventories, machinery, equipment and all other physical losses. Subject to this maximum, loan amounts cannot exceed the verified uninsured disaster loss.
- **Economic Injury Disaster Loans (EIDL)** – The law limits EIDL(s) to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates.
- **Business Loan Ceiling** – The \$2,000,000 statutory limit for business loans applies to the combination of physical, economic injury, mitigation and refinancing, and applies to all disaster loans to a business and its affiliates for each disaster. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

What Restrictions are there on Loan Eligibility?

- **Uninsured Losses** – Only uninsured or otherwise uncompensated disaster losses are eligible. Any insurance proceeds which are required to be applied against outstanding mortgages are not available to fund disaster repairs and do not reduce loan eligibility. However, any insurance proceeds voluntarily applied to any outstanding mortgages do reduce loan eligibility.
- **Ineligible Property** – Secondary homes, personal pleasure boats, airplanes, recreational vehicles and similar property are not eligible, unless used for business purposes. Property such as antiques and collections are eligible only to the extent of their functional value. Amounts for landscaping, swimming pools, etc., are limited.
- **Noncompliance** – Applicants who have not complied with the terms of previous SBA loans are not eligible. This includes borrowers who did not maintain flood and/or hazard insurance on previous SBA or Federally insured loans.

Is There Help with Funding Mitigation Improvements?

If your loan application is approved, you may be eligible for additional funds to cover the cost of improvements that will protect your property against future damage. Examples of improvements include retaining walls, seawalls, sump pumps, etc. Mitigation loan money would be in addition to the amount of the approved loan, but may not exceed 20 percent of total amount of disaster damage to real estate and/or leasehold improvements, as verified by SBA to a maximum of \$200,000 for home loans. It is not necessary for the description of improvements and cost estimates to be submitted with the application. SBA approval of the mitigating measures will be required before any loan increase.

Is There Help Available for Refinancing?

- SBA can refinance all or part of prior mortgages that are evidenced by a recorded lien, when the applicant (1) does not have credit available elsewhere, (2) has suffered substantial uncompensated disaster damage (40 percent or more of the value of the property), and (3) intends to repair the damage.
- Homes – Homeowners may be eligible for the refinancing of existing liens or mortgages on homes, in some cases up to the amount of the loan for real estate repair or replacement.
- Businesses – Business owners may be eligible for the refinancing of existing mortgages or liens on real estate, machinery and equipment, in some cases up to the amount of the loan for the repair or replacement of real estate, machinery, and equipment.

What if I Decide to Relocate?

You may use your SBA disaster loan to relocate. The amount of the relocation loan depends on whether you relocate voluntarily or involuntarily. If you are interested in relocation, an SBA representative can provide you with more details on your specific situation.

Are There Insurance Requirements for Loans?

To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

For more information, contact SBA's Disaster Assistance Customer Service Center by calling (800) 659-2955, emailing disastercustomerservice@sba.gov, or visiting SBA's Web site at www.sba.gov. Hearing impaired individuals may call (800) 877-8339. Applicants also apply online using the Electronic Loan Application (ELA) via SBA's secure Web site at <https://disasterloan.sba.gov/ela>.