

DECEMBER 2011

INFORMATION

On-Line Lender Toolkit

www.sba.gov/for-lenders

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Standard 7(a) Loan Guaranty Processing Center

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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.

CAPLines, Express, E-Tran and PLP Offer Flexibility

This past month we have been communicating several recent changes to our 7(a) program that became effective with the new Fiscal Year. These included changes to our CAPLines program and the required use of E-Tran for SBAExpress and PLP processed loans.

E-Tran, SBA's electronic loan processing and servicing system, enables you the lender to be more responsive to your customer's needs – from getting a loan approved to a subsequent servicing action. E-Tran, in the case of SBA Express or PLP processed loans, enables you as to have 24-7 access to the SBA approval process with an immediate response.

There are no delays due to a screen out of the loan application. If there is an issue with missing information or data, the business rules of the process provide immediate feedback, the ability to save your work and fix errors. SBA has given lenders unilateral authority to take a number of servicing actions without prior SBA approval, many of which can and are expected to be submitted via E-Tran. For additional information on E-Tran go to <http://www.sba.gov/content/e-tran>.

A standard 7(a) term loan may not fit the needs of a small business with a cyclical working capital needs. The tools available that provide the ability to meet cyclical needs and a revolving line of credit are either under the SBAExpress or CAPLines umbrella. Earlier in September we announced several changes to the CAPLines program.

These changes were based upon feedback received from approximately 150 community bankers in one-on-one conversations earlier this past summer on how they underwrite commercial lines of credit. Changes were made to the CAPLine program to the extent practical to mirror those normal underwriting practices. The result is a significant change to the program.

Standard Asset Based Lines have been combined into a Working Capital Line. Terms for Working Capital Lines, Seasonal Lines and Contract Lines has been increased to 10 years. Prior approval is no longer required to do CAPLines under PLP. Lenders can use the abbreviated forms originally designed for use with SBAExpress. CAPLines are submitted via E-Tran for PLP lenders. All lenders can use their own note and guaranty agreement rather than SBA forms 147, 148 and 148 L to close the loan.

Attached to the newsletter is a one page summary of the changes to CAPLines. Need approval of \$5 million working capital line of credit with a 75% guarantee with a 10 year term from SBA *today*? If you are PLP lender using E-Tran it can be done and you can do it with the SBA Express loan application form and close it with you own note.

Not a PLP lender? Lenders that have disbursed at least five SBA loans in the previous 24 months, have a satisfactory performance with their SBA portfolio, are in compliance with SBA loan program requirements, are current in their 1502 reporting and fee remittances, not subject to enforcement actions and can effectively underwrite, service and liquidate SBA loans are eligible to apply for PLP status. If you are interested please contact either our Cedar Rapids Branch office or Des Moines District Office.

- Joseph M. Folsom, District Director

CONSIDER BECOMING A PLP LENDER

The Preferred Lenders Program is part of SBA's effort to streamline the procedures necessary to provide financial assistance to small businesses. SBA delegates the final credit decision and most servicing and liquidation authority and responsibility to carefully selected PLP lenders. SBA will continue to check loan eligibility criteria.

<http://www.sba.gov/content/steps-participating-plp>

SBA’s Export Working Capital Program - A Trade Tool for Small Businesses

The SBA’s Export Working Capital Program assists lenders in meeting the needs of exporters seeking short-term export working capital. This program enables U.S. exporters to obtain loans to fund their direct export costs.

The EWCP supports single transactions or revolving lines. It provides financing to support export orders or the export transaction cycle, from purchase order to final payment. It offers a 90% guarantee on loans up to \$5 million with a \$4.5 million maximum SBA exposure to any one borrower including affiliates. Loan maturities are generally for a term of 12 months.

The guaranty can be reissued for an additional 12 months through an abbreviated application process. The guaranty fee the SBA charges is 0.25 percent of the guaranteed amount of

the loan for the initial 12 months. The borrower negotiates the interest rate and all other fees with the lender.

Benefits of the EWCP include:

- Financing for suppliers, inventory or production of export goods
- Export working capital during long payment cycles
- Financing for stand-by letters of credit used as bid or performance bonds or down payment guarantees
- Reserves domestic working capital for the company’s sales within the US
- Permits increased global competitiveness by allowing the exporter to extend more liberal sales terms.

- Increases sales prospects in under-developed markets which have high capital costs for importers
- Contributes to the growth of export sales
- Low fees and quick processing times

For information on EWCP and the rest of SBA’s export programs, go to www.sba.gov/content/export-loan-programs

In addition, you can also contact John Nevell, Regional Manager International Trade Programs at the SBA’s U.S. Export Assistance Center in Chicago. John can be reached at (312) 353-8065 or by e-mail at john.nevell@sba.gov.

SBA Lender Activity Report for NOVEMBER

LENDER NAME	LOCATION	#	AMOUNT
WELLS FARGO BANK	IOWA	5	\$569,900
SIOUXLAND ECON. DEV. CORP.	SIOUX CITY	4	\$2,072,000
IOWA BUSINESS GROWTH CO.	JOHNSTON	4	\$1,107,000
GREAT WESTERN BANK	IOWA	3	\$1,898,700
US BANK	IOWA	3	\$54,000
NORTHWEST BANK & TRUST CO.	DAVENPORT	2	\$5,000,000
FIRST AMERICAN BANK	FT. DODGE	2	\$92,500
NORTHWOODS STATE BANK	MASON CITY	2	\$71,000
COMMUNITY STATE BANK	ANKENY	1	\$4,264,000
E.C.I.A. BUSINESS GROWTH, INC.	DUBUQUE	1	\$3,987,000
BLACK HAWK ECON. DEV.	WATERLOO	1	\$1,115,000
AMES COMMUNITY BANK	AMES	1	\$1,100,000
BANKERS TRUST COMPANY	CEDAR RAPIDS	1	\$723,500
CLEAR LAKE BK & TR CO	CLEAR LAKE	1	\$500,000
MIDWESTONE BANK	CONRAD	1	\$440,000

LENDER NAME	LOCATION	#	AMOUNT
FIRST CENTRAL STATE BANK	DE WITT	1	\$399,800
THE STATE BANK OF FARIBAULT	MINNESOTA	1	\$360,000
QUAD CITY BK & TR CO	BETTENDORF	1	\$300,000
LINCOLN SAVINGS BANK	CEDAR FALLS	1	\$290,000
LIBERTY TRUST & SAVINGS BANK	DURANT	1	\$215,000
FREEDOM SECURITY BANK	CORALVILLE	1	\$200,000
SECURITY NATL BK OF OMAHA	NEBRASKA	1	\$193,000
COMMUNITY BANK	MUSCATINE	1	\$175,000
LEGACY BANK	ALTOONA	1	\$119,100
COMMUNITY BANK	INDIANOLA	1	\$97,500
THE EXCHANGE STATE BANK	SPRINGVILLE	1	\$74,000
HERITAGE BANK NATL ASSOC	HOLSTEIN	1	\$65,000
HILLS BANK AND TRUST CO.	HILLS	1	\$64,400
FARMERS & MCHNTS SVGS BANK	MANCHESTER	1	\$60,000
FIRST CENTRAL STATE BANK	DE WITT	1	\$399,800

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

LENDER NAME	LOCATION	#	AMOUNT
BANKERS TRUST CO.	CEDAR RAPIDS	2	\$1,921,500
AMERICAN TRUST & SVGS BANK	DUBUQUE	1	\$10,399,432
MIDWESTONE BANK	CEDAR FALLS	1	\$1,550,000
BANKERS TRUST CO.	DES MOINES	1	\$650,562
FARMERS TRUST AND SVGS BANK	HARLAN	1	\$423,750

LENDER NAME	LOCATION	#	AMOUNT
FIRST STATE BANK	SUMNER	1	\$375,000
FARMERS STATE BANK	MARION	1	\$288,000
FIRST STATE BANK	FT. DODGE	1	\$172,223
CARROLL COUNTY ST. BANK	CARROLL	1	\$100,000

CAPLines Executive Summary

September 15, 2011

Structural Changes

- Reduce 5 subprograms to 4:
 - Working Capital CAPLines (formerly Standard Asset Based CAPLines)
 - Contract CAPLines
 - Seasonal CAPLines
 - Builder's CAPLines(Eliminated Small Asset Based CAPLines, maximum line amount \$200,000.)
- Added option of delegated processing for PLP Lenders

Key Features

- Maximum line amount \$5,000,000
- Maximum guaranty percentage 75% (over \$150,000)/85% if \$150,000 or less
- Maximum maturity increased from 5 to 10 years (except Builder's CAPLine, which is limited by regulation to 5 years), this matches the maturity for Working Capital term loans
- Use of Proceeds:
 - Contract CAPLines: proceeds can be used to finance all costs (excluding profit), previously only labor and materials.
 - Working Capital CAPLines: to finance short-term working capital/operating needs and some refinancing of existing lines (additional guidance on refinancing provided)
 - No change to Seasonal or Builder's CAPLines.
- Collateral:
 - Contract CAPLines: assignment of contract(s) and proceeds of contract(s) financed by the line, some exceptions to the requirement for an assignment may apply (contract proceeds will be paid directly to the lender per written consent of contracting authority and other conditions are met, e.g., term of line is 12 mos or less, borrower and contracting authority have successful history, etc.).
 - Working Capital CAPLines: if the lender will disburse based on a borrowing base certificate (BBC), the lender must obtain a first lien position on the trading assets (A/R, INV, etc.), and if not disbursing based on a BBC, the lender must have a first lien position on the trading assets and ensure 1:1 collateral coverage (which may include the assignment of other business assets as well as personal assets)
 - No change to Seasonal or Builder's CAPLines.
- Closing/Disbursement:
 - On all CAPLines lender has the option of using its own note and guaranty agreements rather than SBA's versions (SBA Forms 147, 148 and 148L).
 - Contract CAPLines: added guidance when the borrower is a prime vs. a subcontractor, when the contract involves surety bonding, and added the ability to finance a purchase order (previously only allowed in EWCP).
 - Working Capital CAPLines: Lender has option of closing and disbursing based on a BBC or not.
 - If a BBC is not used, lender must follow stated underwriting, collateral and cash flow analysis standards and minimum monitoring requirements, including site visits.
 - If a BBC is used, lender must comply with revised requirements including the timing of the BBC (monthly not with each disbursement), pre-disbursement and annual field exams (rather than semi-annually), and eligible/ineligible receivables (including concentrations, which may exceed 20% with written justification in the file if certain types of accounts, otherwise requires SBA consent).
 - The level of funds control, regardless of whether a BBC is used or not, will depend on the banking relationship the lender has with the borrower.
- Application:
 - Non-delegated: standard 7(a) application forms submitted to the LGPC.
 - Delegated: PLP lenders will use SBA Forms 1919 and 1920 (SBA Express forms) as well as their own documents, including the Lender's Credit Memorandum rather than the standard 7(a) application forms (which are used for other PLP loans). E-tran submission for SBA approval is required