

SEPTEMBER 2012

INFORMATION

On-Line Lender Toolkit

www.sba.gov/for-lenders

Des Moines District Office

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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.

Array of SBA Lending Tools Used by Iowa Lenders

SBA has an array of lending tools designed to assist you in meeting the diverse needs of your small business customers. We are pleased with how you, our lending partners, have adopted these tools. This year 29 businesses have been able to restructure their debt with the 504 refinance program which sunsets on the 27th of this month. All the while our CDC lending partners exceeded last year's financing with 102 loans in the traditional 504 loan program. Congratulations on a record year.

You utilized the dealer floor plan pilot to provide floor plan financing to 3 dealers. The dealer floor plan pilot will continue until September 30, 2013. It is a great tool to provide financing for titleable inventory.

The revamped CAPLine program is now providing up to 10 year lines of credit to 17 businesses from agriculture to manufacturing, construction, wholesale, and retail trade sectors. The process is streamlined to mirror what you as lender typically do for revolving lines of credit.

You continue to serve the members of our military community and their families through active usage of the Patriot Express program.

Small Loan Advantage usage has doubled over last year. It is a great lending tool for those

small dollar 7(a) guarantees you need. If you are reminiscing over the long departed LowDoc give Small Loan Advantage a try. Your LowDoc memories will disappear. The process does require the use of E-Tran to receive a preliminary credit score from SBA. If you need help getting signed up for E-Tran – give one of our offices a call and we will walk you through the process.

If you are looking for a pathway to a 90% guarantee ask your customer if they export directly or indirectly. If they say yes or have checked the export or plan to export box on the application (question 17 on form 4) you may want to see if one of the export loan tools fits. International trade loan, Export Express and Export Working Capital loan all offer 90% guarantees. If you need more details give one of our offices a call or John Nevell out of our Chicago U. S Export Assistance Center at 312-353-8065 or john.nevell@sba.gov.

These tools along with the tools of the Ex-Im Bank can mitigate your risk and that of your customer while taking advantage of the world market. To learn more about Ex-IM programs join us for Ex-Im Bank Express insurance training on October 3.

- Joseph M. Folsom, District Director

Ex-Im Bank Express Insurance Training – Oct. 3, 2012

Iowa Lenders are invited to participate in a session hosted by the SBA's Minnesota District Office on Wednesday, October 3rd to hear about a new insurance product from Ex-Im Bank that will help your small business clients move into new foreign markets. There will also be updates on new SBA information.

Express Insurance is a short-term insurance policy helps small businesses expand into new foreign markets, add new buyers, and transfer all foreign buyer credit decision making to Ex-Im Bank at an economical cost. It is a "named buyer" policy that simplifies small business access to export credit risk insurance on their foreign accounts receivable. Denis Griffin, Director, Minneapolis Regional Office, Export-Import Bank, will be the guest presenter.

The training will be held from 10 a.m. – 11 a.m. CST using AT&T Connect

To connect to the Web Conference: <https://connect16.uc.att.com/sba/meet/?ExEventID=89291246>

Then connect by phone at: 888-858-2144 *When prompted, enter the meeting access code: 9291246#

Overview of the Statement of Personal History (SBA Form 912) Process

SBA requires that every proprietor, general partner, officer, director, managing member of a limited liability company (LLC), owner of 20% or more of the equity of the Applicant, Trustor (if the Small Business Applicant is owned by a trust), and any person hired by the Applicant to manage day-to-day operations (“Subject Individual”) must be of good character. The completion of an SBA Form 912, Statement of Personal History (“912”), by each Subject Individual is required as part of the character evaluation process and the form must be completed within 90 days of submission of the application to SBA. Every person completing a 912 must answer each question fully giving details about any “yes” response. NOTE: A “yes” is required even when the applicant believes the record is sealed, expunged or otherwise unavailable. (This information must be kept private and confidential.) **There are no exceptions to or waivers of this policy.**

If every Subject Individual answers questions 7, 8 and 9 as “no,” normal loan processing may proceed.

If a Subject Individual answers “yes” to question 7 (Are you presently under indictment, on parole or probation?) then the Small Business Applicant is not eligible.

If a Subject Individual answers “yes” to question 8 or 9, then that individual must go through a background check and character determination unless the charge resulting in a “yes” answer was a single misdemeanor that was subsequently dropped without prosecution. (Documentation from the appropriate court or prosecutor’s office must be attached to the SBA Form 912 and maintained in the lender’s loan file.)

If the individual pleads guilty to the charges or to lesser charges the background check and character determination must be conducted.

Currently, SBA conducts two types of background checks: (1) a Name Check, which requires a search of available records based on a person’s name and social security number (SSN); and (2) a Fingerprint Check, which searches available records based on the person’s name and SSN plus a complete and legibly written FD-258 Fingerprint Card.

If there is a “yes” response to questions 8 and/or 9 the lender must take the following actions:

- The lender must obtain a complete understanding of the reason(s) for the “yes” response and when necessary for clarification, the lender must obtain additional written explanation from the Subject Individual to include the following:
 - Date of the offense(s) including month, day and year. If the actual day is not known, include the month and year.
 - City and state or the county and state where the offense(s) occurred.
 - The specific charge(s) [DUI, assault, forgery, robbery etc.] AND the level of the charge; (either a misdemeanor or felony).
 - Disposition of the charge(s).
 - Assuming the court’s conditions have been met, the applicant should state that all conditions of the court have been satisfied in his explanation and provide court documents evidencing that these conditions were met.
 - The borrower’s dated signature on the explanation.

When an applicant discloses a felony arrest, a Fingerprint Check is required and a Fingerprint Card (FD 258) must be completed. Local law enforcement agencies will usually assist the individual with the fingerprinting. Lenders may obtain the FD 258 from their local District Office.

When an applicant discloses a past offense(s) that was classified as a misdemeanor, the background check may either be a Name Check or a Fingerprint Check.

Regardless of whether the past offense was a felony or a misdemeanor, the lender must submit the complete 912 package to the local field office before loan processing can proceed. Copies of the documents are to be submitted to the field office. The lender must retain the originals in its loan file. SBA recommends that the lender submit the 912 package as soon as possible.

The District Office will clear a positive 912 for processing and waive the fingerprint requirement only when the reason for the “yes” response meets one of the following criteria:

- A single minor (misdemeanor) offense or arrest; OR
- Up to three minor offenses (arrests and/or convictions at one time or separately), concluded more than 10 years prior to the date of the SBA application; OR
- A Prior Offense cleared by the Director, Office of Financial Assistance (D/FA) or designee on a previous application where no other offenses have occurred since the previous application was cleared by the D/FA or designee. This clearance is only valid for six months from date of issuance.

The District Office cannot clear felony arrests or convictions for loan processing. If the District Office cannot clear the 912 for processing, it will be submitted to OIG for clearance. This process can take from 6-8 weeks depending on the number of pending requests. In situations where the District Office cannot locally clear a 912, it may be recommended to submit a fingerprint card in order to speed the clearance process up.

Statement of Personal History (SBA Form 912) Overview - continued

When the district office receives the completed 912 package and is able to clear it locally for processing, it will notify the lender that the application has been cleared for processing and will submit the 912 package to OIG for a name check. When the Name Check corroborates the information on the 912, OIG will advise the field office, which will then notify the lender.

If the results of the name check contradict the disclosure on the 912, or the disclosed criminal history raises a

question about the character of the individual, OIG will refer the matter to the D/FA. If the loan was already processed and approved, the lender shall be notified of the adverse change and directed to immediately cease further loan disbursements and seek immediate repayment of the loan proceeds from the borrower.

For more detailed information on the 912 process, please refer to SOP 50 10 5 (E), beginning on page 110. The SOP can be found at

[http://www.sba.gov/sites/default/files/SOP%2050%2010%205\(E\)%20\(5-16-2012\)%20clean.pdf](http://www.sba.gov/sites/default/files/SOP%2050%2010%205(E)%20(5-16-2012)%20clean.pdf)

For a copy of the Form 912, go to www.sba.gov/sites/default/files/tools_sbf_finasst912.pdf

In order to expedite processing of the SBA Form 912, please follow the instructions above. If you have any questions, please contact Dave Lentell at (515) 284-4522 or at thomas.lentell@sba.gov

CORRECTION REGARDING LENDER SERVICE PROVIDER AGREEMENTS

In the August Newsletter, there was an article on Lender Service Provider Agreements and SBA. That article incorrectly stated that fees for packaging, processing and secondary market sales must be based on an hourly charge and not on a percentage of the loan amount. The new SOP allows for both. We apologize for the error. Here is the corrected statement:

In order to more closely reflect the standard industry practice on conventional loans, SBA is revising policy to permit lenders or third parties, including lender service providers (LSPs), to charge a fee based on a percentage of the loan amount for packaging and other services. The fees must be reasonable and customary for the services actually provided and must be consistent with those fees charged on the lender's similarly-sized, non-SBA guaranteed commercial loans. If a lender or third party charges a fee for loan packaging or other services that is based on a percentage the loan amount, in no event may the fee exceed 3% on loans of \$50,000 or less, and for loans over \$50,000, 2% on the first \$1 million and an additional ¼% on amounts over \$1 million, with a maximum fee of \$30,000.

SBA Lender Activity Report for AUGUST

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
SIouxLAND ECON. DEV. CORP	SIoux CITY	6	\$2,496,000	HOME STATE BANK	JEFFERSON	1	\$500,000
IOWA BUSINESS GROWTH CO.	JOHNSTON	4	\$864,000	MIDWESTONE BANK	CONRAD	1	\$400,000
NORTHWOODS STATE BANK	MASON CITY	3	\$820,000	COMMUNITY SAVINGS BANK	EDGEWOOD	1	\$349,000
CEDAR RAPIDS BANK & TRUST CO.	CEDAR RAPIDS	2	\$1,300,800	BLACK HAWK ECON. DEV.	WATERLOO	1	\$330,000
HILLS BANK AND TRUST CO.	HILLS	2	\$170,000	FIRST AMERICAN BANK	FORT DODGE	1	\$308,300
AMERICAN TRUST & SVGS BANK	DUBUQUE	2	\$150,000	OHNSWARD BANK & TRUST	CASCADE	1	\$286,000
GREAT WESTERN BANK	IOWA CITY	2	\$120,000	GUARANTY BANK AND TRUST CO.	CEDAR RAPIDS	1	\$150,000
STEARNS BK NATL ASSOC	MINNESOTA	1	\$1,611,000	NORTHWEST BANK & TRUST CO.	DAVENPORT	1	\$150,000
WELLS FARGO BANK NATL ASSOC	IOWA	1	\$1,361,600	FARMERS STATE BANK	WATERLOO	1	\$150,000
FREEDOM FINANCIAL BANK	WEST DES MOINES	1	\$1,269,000	WAUKON STATE BANK	WAUKON	1	\$121,500
COMMUNITY 1ST CU	OTTUMWA	1	\$1,124,000	COMMUNITY BANK	MUSCATINE	1	\$60,000
COMPASS BANK	ALABAMA	1	\$830,000	CARROLL COUNTY STATE BANK	CARROLL	1	\$50,000
MIDWESTONE BANK	IOWA CITY	1	\$795,000	CLEAR LAKE BK & TR CO	CLEAR LAKE	1	\$50,000
CITIZENS FIRST BANK	CLINTON	1	\$549,800	FIDELITY BANK & TRUST	DUBUQUE	1	\$20,000

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

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
NORTHWEST BANK	SPENCER	1	\$1,225,000	CHEROKEE STATE BANK	CHEROKEE	1	\$327,500
MUTUAL OF OMAHA BANK	NEBRASKA	1	\$681,500	BANK MIDWEST	SPIRIT LAKE	1	\$295,000
AMERICAN BANK	LEMARS	1	\$550,000	NORTHWOODS STATE BANK	MASON CITY	1	\$277,625
PEOPLES BANK	ROCK VALLEY	1	\$486,000	BANKERS TRUST CO.	DES MOINES	1	\$197,500
FARMERS STATE BANK	MARION	1	\$400,000	WASHINGTON STATE BANK	WASHINGTON	1	\$157,000
SAVINGS BANK	PRIMGHAR	1	\$390,000				