

**CLEVELAND DISTRICT OFFICE NEWS**  
INFORMATION FOR THE SMALL BUSINESS COMMUNITY

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Loan Report as of March 31, 2011

*7(a) and 504 Loans Combined*

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	313	\$54,858
KeyBank	56	\$19,690
JPMorgan Chase Bank	44	\$10,731
FirstMerit Bank	36	\$9,550
Charter One Bank/RBS Citizens	32	\$3,731

*504 Loans*

Bank	Number 504 Approvals
FirstMerit Bank	17
Huntington National Bank	14
JPMorgan Chase Bank	7
KeyBank	7
Westfield Bank	4
Croghan Colonial Bank	2
First National Bank	2
Lorain National Bank	2

CDC	Number 504 Approvals	Dollars (In Thousands)
Growth Capital Corp.	22	\$14,849
Cascade Capital Corp.	13	\$5,704
Lake County SBAC	12	\$3,417
Mahoning Valley Economic Dev. Corp.	7	\$2,801
Stark Development Board	5	\$3,261
Mentor Economic Assistance Corp.	2	\$877
SEM Resource, Inc.	2	\$978
West Central Partnership	2	\$2,791
Ohio Statewide	1	\$369



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## NEWS FOR OUR LENDING PARTNERS

### Updated SBA Loan Application Forms for SBA Express, Export Express and Pilot Loan Programs

The purpose of this notice is to announce that updated versions of the following forms are now available at <http://archive.sba.gov/tools/Forms/smallbusinessforms/fsforms/index.html>.

**Form 1919:** SBA Express, Export Express and Pilot Loan Programs (Community Express, and Patriot Express) Borrower Information Form. This form collects identifying information regarding the applicant, loan request, indebtedness, information about the principals, information about current or previous government financing, and certain other disclosures.

**Form 1920SX (Part A):** SBA Express, Export Express and Pilot Loan Programs (Community Express, and Patriot Express) Guaranty Request. This form is a cover page to be completed by a delegated 7(a) lender when faxing Form 1920SX (Part B) to the Sacramento Loan Processing Center. (Most applications are submitted to SBA using electronic submission where a cover page is not required.)

**Form 1920SX (Part B):** Supplemental Information for SBA Express, Export Express, Pilot Loan Programs and PLP Processing. This form is completed by the 7(a) lender. This form includes identifying information regarding the lender, loan terms, use of proceeds, and other information such as the number of jobs created or retained.

**Form 1920SX (Part C):** Eligibility Information Required for SBA Express, Export Express and Pilot Loan Programs (Community Express and Patriot Express). This form is completed by the 7(a) lender. It consolidates eligibility criteria regarding the loan applicants, including use of proceeds and general rules applicable to the SBA Express and the Pilot Loan Programs.

**Form 2238:** Supplemental Information for SBA Express/Patriot Express Guaranty Request (Eligibility Authorized). This form is completed by the 7(a) lender that has been designated as "eligibility authorized." This form includes identifying information regarding the lender, loan terms, use of proceeds, and other information such as the number of jobs created or retained and also includes a certification by the lender that the applicant and the loan are eligible. Form 2238 takes the place of Form 1920SX (Part B) and Form 1920SX (Part C) for "eligibility authorized" lenders.

Other than minor clarifications, the following are the changes to these forms:

1. The Dealer Floor Plan (DFP) Pilot Program will be using some of these forms for DFP lines of credit processed using delegated authority. Therefore, DFP was added to the title of the forms and any information unique to the DFP has been included in the forms where applicable, for example maximum maturity and minimum loan amount.
2. Export Express is now a permanent program. That change is reflected in the forms by removing it from the list of pilot programs.
3. The "Use of Proceeds" section on Form 1920SX has been expanded to include a detailed breakdown of the use of proceeds for a change of ownership. The additional information required includes the total financing amount, the amount for the assets purchased, the amount for intangibles, the name of the appraiser, the appraiser's conclusion or summary of value, the appraiser's qualifications, and the name and address of any business broker that was involved in the transaction as well as the amount of any fee or commission paid to the broker. E-tran is in the process of being modified to include fields for this information so that SBA can begin tracking these elements specifically for loans involving a change of ownership.

For DFP lines of credit under the new DFP Pilot Program, which became effective February 9, 2011, delegated lenders must use the updated versions of these forms. For SBA Express, Export Express, Pilot Loan Programs (Community Express and Patriot Express) and PLP Processing, lenders must use the updated versions of these forms beginning April 1, 2011.

*(continued on page 3)*

## NEWS FOR OUR LENDING PARTNERS *(continued from page 2)*

### Export Working Capital Program Lender Training Manual

The Office of International Trade (OIT) is announcing the issuance of an Export Working Capital Program Lender Training Manual. This Manual does not supersede the SBA Loan Program Requirements governing the Export Working Capital Program, including but not limited to Agency regulations set forth at 13 CFR Part 120 or Standard Operating Procedures (SOP) 50 10 5(C), but serves as a quick reference for lenders and SBA staff. The Export Working Capital Program Lender Training Manual will be used for training SBA 7(a) lenders participating in the SBA's Export Working Capital Program (EWCP). SBA employees are encouraged to provide copies of the Manual to current and potential EWCP lenders. The Manual contains a synopsis of the EWCP Loan Program Requirements applicable to lenders participating in the EWCP. It summarizes the unique features of the EWCP and includes discussion of the loan guarantee terms and conditions, as well as the application, monitoring, servicing, and liquidation processes with references to appropriate Agency regulations and SOP provisions. The Manual may be found at [www.sba.gov/content/export-working-capital](http://www.sba.gov/content/export-working-capital). In addition, OIT is announcing the following two updated forms relating to the EWCP:

1. SBA form 750EX, Supplemental Guaranty Agreement, Export Working Capital Program; and 2. SBA Form 2310, Supplemental Guaranty Agreement, Preferred Lenders Program (PLP) for Export Working Capital Program (EWCP) Loans. The forms can be found on the SBA intranet site ([yes.sba.gov](http://yes.sba.gov)) at: <http://collab.sba.gov/sbaforms/SBA%20%20Small%20Business%20Administration/Forms/AllItems.aspx>.

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

## SBA Lender Roundtable Held in Youngstown

The SBA Cleveland District Office and the Small Business Development Center in Youngstown, Ohio held a SBA Lenders Roundtable at the new Williamson College of Business Administration building at Youngstown State University on March 15, 2011. Lenders from various Youngstown area banks participated in a lively roundtable discussion.



*Bill Oliver, Business Consultant of the Ohio SBDC at Youngstown comments during the session. Roy Bean of the SBDC is at right.*



*Gil Goldberg, SBA Cleveland District Director, discusses SBA lending.*

Gil Goldberg, SBA Cleveland District Director, provided an update on SBA's latest lending initiatives, including the increase of the 7(A) and 504 loan limits to \$5 million, the new SBA 504 debt refinancing initiative, and the recent introduction of the Small Loan and Community Advantage programs. In addition, he discussed lending activity and economic conditions in the Mahoning Valley.

## Federal Benefit Payments Soon to Go All-Electronic

*Spread the Word that signing up for Electronic Payments is Easy!*

The U.S. Department of the Treasury now requires all federal benefit and nontax payments to be paid electronically. Starting with their first payment, people applying for Social Security, Veterans Benefits or other federal benefits on or after May 1, 2011, will receive their payments electronically. Individuals currently receiving federal benefit checks need to switch to an electronic payment option by March 1, 2013.

Those who do not choose an electronic payment option at the time they apply for federal benefits or those who do not switch by the deadline, will receive their benefit payments via the Direct Express Debit MasterCard card. They will not experience any interruption in payment. People who are already receiving benefit payments electronically do not need to take action. They will continue to receive their payment as usual on the payment day.

Recipients with a bank or credit union account should sign up for direct deposit. Their money goes straight into their checking or savings account each month and they can count on it being there on time, every time. It's easy. Recipients should visit their local financial institution, sign up online at [www.GoDirect.org](http://www.GoDirect.org), or call the U.S. Treasury Processing Center at 800-333-1795. Those who prefer a prepaid debit card may use the Direct Express card. A Treasury-recommended prepaid debit card, Direct Express provides another safe, low-cost way to get federal benefit payments. Money will be posted to the FDIC-insured card account each month, so the funds may be accessed immediately on payment day. There are no sign-up fees, monthly fees or overdraft charges. Some fees for optional services may apply. No bank account or credit check is required.

To get benefits via direct deposit, here's what people need:

- The type of account (checking or savings) into which the funds will be deposited
- Their financial institution's nine-digit routing transit number
- Their checking or savings account number

To receive benefits via the Direct Express card, individuals should:

- Notify the appropriate federal agency, such as the Social Security Administration or Veterans Affairs, of their choice to receive Benefit payments on the card.
- Visit [www.GoDirect.org](http://www.GoDirect.org) or call 800-333-1795

Once approved, you'll receive your card in the mail along with a cardholder information packet explaining how to use the card.

For more information, visit [www.GoDirect.org](http://www.GoDirect.org). ♦

*The SBA Cleveland District Office encourages you to visit the partners section of [www.GoDirect.org](http://www.GoDirect.org), or call a campaign representative at 952-346-6055 for more information. Get involved – share information about this new federal rule and help people sign up for direct deposit or the Direct Express card today!*

## SBA Proposes Increase in Size Standards To Expand Eligibility for Small Business Programs

A proposed rule has been published for comment in *The Federal Register* by the U.S. Small Business Administration which would adjust the size definition of small businesses in professional, scientific and technical services and other services sectors.

The proposed revisions would increase the revenue-based size definition businesses need to meet to qualify as small businesses. They apply to businesses in 36 industries and one sub-industry in professional, scientific and technical services, and one industry in other services sectors.

As part of its ongoing comprehensive review of all size standards, the SBA evaluated 46 industries and three sub-industries in these sectors. Of these, the SBA proposes to increase size standards for 36 industries and one sub-industry and retain current standards for the remaining 10 industries and two sub-industries. SBA's size standards vary from industry to industry to account for differences among them.

In 2007, the SBA began the process of reviewing and updating size standards based on industry-specific data. Before this, the last overall review of size standards occurred more than 25 years ago. Under provisions in the Small Business Jobs Act of 2010, SBA will continue its comprehensive review of all size standards for the next several years.

The proposed changes take into account the structural characteristics within individual industries, including average firm size, the degree of competition, and federal government contracting trends to ensure that size definitions reflect current economic conditions within those industries.

The changes would allow some small businesses that are close to exceeding their current size standards to retain small business eligibility under higher size standards, giving federal agencies a larger selection of small businesses to choose from for small business procurement opportunities. SBA estimates as many as 9,450 additional firms will become eligible for SBA programs as a result of the proposed revisions, if they are adopted.

The SBA issued a White Paper entitled, "*Size Standards Methodology*" on Oct. 21, 2009, which explains how the SBA establishes, reviews and modifies its receipts-based and employee-based small business size standards. It can be viewed at <http://www.sba.gov/size>.

Comments can be submitted on this proposed rule on or before May 16, 2011, online at: [www.regulations.gov](http://www.regulations.gov), where they will be posted, or mailed to Khem R. Sharma, chief, Size Standards Division, 409 3<sup>rd</sup> St., SW, Mail Code 6530, Washington, DC 20416. ♦

For more information about SBA's revisions to its small business size standards, click on "**What's New**" on SBA's Web site at: <http://www.sba.gov/size>.

## SBA Launches New Online “Lender Toolkit”

Small business lenders now have access to more in-depth information and resources on U.S. Small Business Administration loan programs through the new Lender Toolkit on the agency’s recently redesigned website. The new site strengthens SBA collaboration with its lending partners, making it easier for them to identify the points of contact, loan programs and financing options that will best expand access to capital for local small businesses to help them grow and create jobs.

Elements of the streamlined Lender Toolkit include useful tools like the ability to download and submit loan packages, updates on interest rates and important lending news, all at [www.sba.gov/for-lenders](http://www.sba.gov/for-lenders). “Lenders are vital partners in our efforts to help entrepreneurs and small business owners grow successful companies and create good paying jobs in their communities,” said SBA Administrator Karen G. Mills. “Over the last two years, we’ve worked hard to strengthen these partnerships. This new online toolkit puts more information on SBA loan programs at lenders’ fingertips and makes it easier for them to use these programs to meet the capital needs of their small business customers.”

The online Lender Toolkit features:

**Find a Loan Package**, which allows users to select a loan type and download all the associated forms. Instruction on how to complete the loan package and standard boilerplates will help lenders prepare more accurate loan applications, increasing the probability of guarantees to worthy small businesses.

**Find a Service Center** enables the lender to search for servicing center contact information based on the loan processing parameters of loan type and stage. Lenders can also **Find a Lender Relationship Specialist** by selecting a local district office from a pull-down list.

**Lender FAQs** provide answers to questions about the SBA’s approach on the financing and underwriting of loans to small business owners.

**Recent Standard Operating Procedure (SOP) notices**, which display current versions of loan processing, servicing and liquidation documents along with a copy highlighting any updates.

**Weekly Lending Report**, which provides details on lending activity for SBA loan programs, along with comparisons for FY 2009, 2010 and 2011 for the period ending that week.

The SBA’s commitment to transformation is reflected in the new Lender Toolkit, which is part of the redesigned SBA.gov website, which went live in December 2010. Designed to better meet the needs of small business owners and entrepreneurs, the enhanced website features SBA Direct, which allows visitors to seek information on starting or growing a business, financial assistance, and regulatory compliance based on their location, type of business, and specific needs. The project is also a flagship for the agency’s Open Government Plan, with the goal of building an online presence for SBA that is transparent, participatory and collaborative. ♦

## SBA Opens Temporary Refinancing Program to Real Estate Mortgages Maturing after December 2012

Small business owners with eligible commercial real estate mortgages maturing after Dec. 31, 2012, will be able to secure more stable, long-term financing through the U.S. Small Business Administration’s temporary 504 refinancing program as a result of a change that will be published in *The Federal Register* by April 6. In February, SBA implemented a temporary refinancing program enacted under the Small Business Jobs Act of 2010, which allowed small businesses facing maturing commercial real estate mortgages or balloon payments before Dec. 31, 2012, to refinance with an SBA 504 loan. The SBA change will lift the date limitation and will allow more small businesses to secure stable, long-term financing and avoid potential foreclosure on mortgages approved before and during the recession that were based on inflated real estate values. “With the collapse of the real estate bubble, many small business owners have found themselves unable to refinance as a result of inflated real estate values at the time they took out their mortgage,” SBA Administrator Karen Mills said. “SBA’s temporary 504 refinancing program was first made available to those small businesses with the most immediate need. Today’s step opens this critical assistance to more small businesses, giving them the opportunity to restructure their debt and free up capital that will be essential to keeping their doors open and also their future ability to grow and create jobs.” To be eligible for the temporary 504 refinancing program, a business must have been in operation for at least two years, the debt to be refinanced must be for owner-occupied real estate and have been incurred no less than two years prior to the date of application and the proceeds used for 504-eligible business expenses, and payments on that debt must be current for the last 12 months.

The refinancing loan is structured like SBA’s traditional 504 loan. Typically, a 504 project includes three elements: a loan (or first mortgage) secured with a senior lien from a private-sector lender covering 50 percent of the project cost, a second mortgage secured with a junior lien from an SBA Certified Development Company (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business borrower. Borrowers are able to refinance up to 90 percent of the current appraised property value or 100 percent of the outstanding mortgage, whichever is lower, plus eligible refinancing costs. Loan proceeds may not be used for other business expenses. Existing 504 projects and government-guaranteed loans are not eligible to be refinanced. Under the Jobs Act, Congress authorized SBA to approve up to \$15 billion in loans under this program (\$7.5 billion in both fiscal years 2011 and 2012). Together with the first mortgage, this temporary program will provide up to \$33.8 billion of total project financing. Additional fees charged to the borrower will cover the cost of this refinancing program and as a result no loan subsidy will be needed from taxpayer funds. The program is expected to benefit as many as 20,000 businesses. SBA’s traditional 504 loan program is a long-term financing tool, designed to encourage economic development within a community. A 504 loan provides small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization. With publication in the *Federal Register*, which is expected by April 6, SBA will begin accepting applications from small business owners with mortgages maturing after Dec. 31, 2012. The program will be in effect through Sept. 27, 2012. ♦

# SBA Salutes Small Businesses that Drive America's Economy At National Small Business Week May 18-20

## *Event Features Awards, Forums, and the Naming of National Small Business Person of the Year – Events Open To Public*

The nation's top entrepreneurs will be honored at the U.S. Small Business Administration's National Small Business Week events May 18-20 in Washington, D.C. Under the theme, "Empowering Entrepreneurs," a series of events and educational forums will mark the 58<sup>th</sup> anniversary of the agency and the 48<sup>th</sup> annual proclamation of National Small Business Week.

More than 100 outstanding small business owners from across the country will receive awards while gathering for three days at the city's Mandarin Oriental Hotel. They will meet with top administration officials, congressional representatives and national business leaders. The highlight of the celebration will be the announcement of the **National Small Business Person of the Year**.

Men and women also will be recognized for their involvement in disaster recovery, government contracting, and their support for small businesses and entrepreneurship, and awards will be presented to SBA partners in financial and entrepreneurial development, including the year's top SCORE Chapter, Small Business Development Center and Women's Business Center. Interested parties can register online at [www.nationalsmallbusinessweek.com](http://www.nationalsmallbusinessweek.com) where additional information is available. The event will also be webcast live at the web site.

"Small business owners and employees across America are proving their resiliency as they continue to drive the nation out of recession through economic growth and job creation," said SBA Administrator Karen Mills. "National Small Business Week gives us an opportunity to honor their achievements and the spirit of entrepreneurship, innovation and determination that makes them the engine of our economy and our nation's economic recovery."

The State Small Business award winners and recipients of the Champion and other Entrepreneurial awards are nominated by local trade associations, chambers of commerce and business organizations and government agencies.

### *Small Business Week 2011 Tentative Schedule of Events*

#### **Wednesday, May 18**

1:00 pm – 6:00 pm **Registration Open**  
Mandarin Oriental Hotel, Pre-Function Area

6:00 pm – 8:00 pm **Opening Reception**  
U.S. Department of State, Diplomatic Reception Rooms  
*Sponsored by AT&T*

#### **Thursday, May 19**

8:00 am – 5:00 pm **Registration Open**  
Mandarin Oriental Hotel, Pre-Function Area  
*Sponsored by Microsoft*

8:00 am – 5:00 pm **Cyber Café Open**  
Mandarin Oriental, Sackler Room  
*Sponsored by Google*

:30 am – 9:45 am **National Awards Breakfast Honoring Procurement Award Winners**  
Mandarin Oriental, Grand Ballroom  
*Sponsored by Raytheon*

10:00 am – 11:15 am **Forum #1: Social Media**  
Mandarin Oriental, Oriental Ballroom  
*Sponsored by Intuit*

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## National Small Business Week May 18-20 *(continued from page 6)*

11:30 am – 12:45 pm **Forum #2: Strategies for High Growth, High Impact Firms**

Mandarin Oriental, Oriental Ballroom

*Sponsored by Careerbuilder.com*

1:00 pm – 2:30 pm **Phoenix Awards Luncheon**

Mandarin Oriental, Grand Ballroom

2:30 pm – 5:00 pm **Networking Time – Visit Sponsor Tables, SBA Officials and the Cyber Cafe**

Mandarin Oriental Exhibit Areas

6:00 pm – 8:00 pm **Congressional Reception**

Location TBD

### Friday, May 20

8:00 am – 2:00 pm **Registration Open**

Mandarin Oriental Hotel, Pre-Function Area

*Sponsored by Microsoft*

8:00 am – 5:00 pm **Cyber Café Open**

Mandarin Oriental, Sackler Room

*Sponsored by Google*

8:30 am – 9:45 am **Breakfast Honoring the Entrepreneurial Development and Lender Award Winners**

Mandarin Oriental, Grand Ballroom

*Sponsored by Northrop Grumman*

10:00 am – 12:00 pm **Exporting Tools for Success**

Mandarin Oriental, Oriental Ballroom

12:30 pm – 2:30 pm **National Awards Luncheon Honoring State Small Business Winners**

Mandarin Oriental, Grand Ballroom

*Sponsored by Sam's Club*

2:30 pm – 4:00 pm **Networking Time – Visit Sponsor Tables, SBA Officials and the Cyber Café**

Mandarin Oriental Exhibit Areas

7:30 pm – 11:00 pm **Champion Award Winners Gala**

Mandarin Oriental, Grand Ballroom

*Sponsored by Visa*

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## SBA Representatives Attend Lake County CDC Annual Meeting

The Lake County Small Business Assistance Corporation held its annual CDC meeting in Mentor, Ohio on March 24, 2011. Lake County Small Business Assistance Corporation is a SBA Certified Development Company (CDC), which administers the 504 loan program. Lake County area bankers, CDC board members, and trustees participated at the luncheon meeting, along with SBA representatives Mark Hansel and Tom Sangrik from the SBA's Cleveland District office. Alan Weaver, Program Director of the CDC, outlined the year in review. The CDC is off to a strong start in fiscal year 2011, as loan activity has been increasing. ♦



*Lake County Small Business Assistance Corporation's Alan Weaver (left) and SBA Lender Relations Specialist Mark Hansel (right) congratulate John Solich of Dollar Bank (center) as he is recognized for his service to the board of the Lake County Small Business Assistance Center.*