



Bank Notes

A Newsletter for Michigan Lenders

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Issue 154

Special Speakers Headline Lenders Conference

The 11th Annual Michigan SBA Lenders' Conference will feature leading experts in SBA lending, including **Jane Palsgrove Butler**, NAGGL Executive Vice President for Lender Relations. Jane is the former SBA Associate Administrator in the Office of Financial Assistance, where she was responsible for administration of SBA's commercial loan programs including the 7(a) program and the 504 program. In October 2001, Butler received the Presidential Meritorious Executive Award which

recognizes leaders who consistently demonstrate strength, integrity, industry and a relentless commitment to excellence in public service. Jane will lead three workshops at the conference: the Advanced Lender Roundtable, *SBA Express*, and Utilizing the Secondary Market.

Michelle G. Serrano, the Assistant Center Director for Servicing at the Fresno Commercial Loan Service Center, will present the "Basics of Servicing SBA

Loans." This session, which will be repeated, will detail the basics of SBA's requirements, including 1502 reporting, lender's unilateral authority, notification and approval requirements, how to submit a servicing request, and more.

Look for the complete conference brochure and registration information to arrive within two weeks. Mark your calendars now for Friday, March 20th at the Kellogg Center in East Lansing.

Fiscal 2009 First Quarter Lending Report

Loan program activity for the first quarter of fiscal 2009 for the Michigan District Office is shown below. The precipitous declines in all areas are the largest, by far, in our experience. Clearly, they reflect the tumultuous conditions in the credit markets and the "difficult" secondary market for SBA loans. (Nationally, SBA lending is also down by substantial amounts.) The weak economy that we currently face is also a factor.

However, as in past recessions, the value of an SBA guaranty should be a very advantageous asset to help you meet the needs of many small business customers. As this is written, the impact of the national "stimulus package" on SBA and small business is not fully known. However, there can be no doubt that small business is a vital component of our economy and providing credit to the small business community will be an essential part of our recovery.

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Change</u>
504 Loans	63	28	-56%
SBA <i>Express</i>	404	117	-71%
PLP	102	47	-54%
Other 7(a) Loans	47	31	-31%
Total 7(a) Loans	553	195	-65%
7(a) Dollars	\$82,324,000	\$38,401,000	-53%
504 Dollars	\$27,597,000	\$14,648,000	-47%
Loans to Veterans	37	11	-70%
Loans to Women	113	20	-82%

Michigan Celebrates Small Business

SBA's 2009 Michigan Small Business Person of the Year and champion awards will be presented on April 30 during the fifth annual **Michigan Celebrates Small Business** awards dinner in Lansing. **Governor Jennifer Granholm** will be the keynote speaker at the premier event in Michigan to recognize the impact of small business and its critical importance to the state's economy. Efforts to grow and diversify Michigan's economy must include a strong and vibrant small business sector. For more information go to www.michigancelebrates.biz.



Updated IRS Verification Information

Notice 5000-1084 updates the contact points and telephone numbers for IRS Service Centers, which are to be used to request copies of IRS tax transcripts using the new IRS Form 4506-T. 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.

Notice 5000-1087 introduced The Internal Revenue Service's IVES program. Under IVES, the IRS can electronically provide tax return transcript, W-2 transcript and 1099 transcript information generally **within 2 business days** to a third party with the consent of the taxpayer. It is expected that this process will replace the current process.

The transcript information is delivered to a secure mailbox based on information received from a Form 4506-T. A \$4.50 fee is imposed on each transcript requested. To participate in the IVES program, lenders will need to register and identify employees to act as agents to receive electronic transcripts on the lender's behalf. This can be done at the IRS Web site. Please copy this link - <http://www.irs.gov/individuals/article/0,,id=161649,00.html> - and paste it in your Web browser.

The complete notices and Form 4506-T are available on the SBA Banking site (www.sba.gov/banking/).

New Servicing Guide

The Commercial Loan Service Centers have created the Unilateral Action Matrix which provides guidance to lenders on servicing actions. There are many actions that fall under the lender's unilateral authority, including many where notification to SBA is not required. When taking action that falls within your unilateral authority, you are encouraged to notate your file with a statement such as "This action was taken pursuant to lender's Unilateral Authority." Then, attach this matrix to the statement and include it within your file. A copy of the PDF file is on the lender's page of the District Office Web site:

http://www.sba.gov/localresources/district/mi/mi_lenderspage.html.

Base Rate Web Site is Available

The base rate to use for SBA loans, including the new LIBOR rate, is available at the Colson Web site <http://www.colsonservices.com/main/index.shtm>!. Just click on "News and Rates."

Update to SOP 50 10 5 Makes It Easier For Lenders To Refinance Existing Lines Of Credit

The first update to SOP 50 10 5 has been released. It has been re-numbered as SOP 50 10 5(A) and will be effective March 1, 2009. The revisions to the SOP reflect suggestions made by participating lenders and include a modification to SBA's policy on refinancing existing lines of credit. The change will make it easier for lenders to use the 7(a) loan guaranty program to refinance an existing line of credit, especially as a part of a complete refinancing of a small business borrower's debt.

The revised SOP has been posted in two versions. The first will show all changes as "tracked changes" to enable users to more easily identify what has been modified. (As a note, the Table of Contents has been updated but, for ease of viewing, those changes are not shown.) The second version incorporates all of the changes into the document. Both versions are available on the lender's Web page at www.sba.gov/banking.

Bank Notes Distribution

If you know someone who would like to receive future issues of Bank Notes, they will need to subscribe through SBA's Free Newsletter and Publication Subscription Center.

The process is easy. Simply go to Web page <http://web.sba.gov/list/>; scroll down and check the box entitled "Michigan Bank Notes Newsletter." Then scroll down and enter your name and e-mail address at the bottom of the page and hit the "Subscribe" button.

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