U. S. Small Business Administration

GATEWAY E-GAZETTE

St. Louis District Office
200 North Broadway, Suite 1500
St. Louis, Missouri 63102
314-539-6600
www.sba.gov/mo/stlouis

April 2009

INSIDE THIS ISSUE:

District Director's Corner 1
New SBA Administrator 2
Upcoming Events 2
Recovery Act 3
IRS Recovery Info 3
Small Business Week 4
Most Active Lenders 5

Helping small businesses start, grow and succeed.

Your Small Business Resource

DISTRICT DIRECTOR'S CORNER

Dennis Melton, District Director

Lately our office has received phone calls from small business owners with two primary concerns; a lack of sales/revenue and difficulty obtaining credit. Many complain that even though they have never missed a payment, their lender has reduced their line of credit or asked them to take their business elsewhere. In the small business world, that can be disastrous. From lenders we hear complaints that there is less demand from viable borrowers, less liquidity due to the frozen secondary market, a real need to tighten credit standards from the lax lending of years past, and that they must comply with the strict requirements of the regulators. In other words, caution is the word of the day.

To help balance and overcome these issues, the Administration and Congress have taken bold steps via the American Recovery and Reinvestment Act of 2009 (ARRA) to address many of the credit market problems with the intent of getting credit flowing again so that small businesses can survive, expand, and hire. The ARRA provisions that will specifically affect SBA clients and lending partners include:

- Temporary elimination of loan fees on most SBA-backed 7a (general business/working capital) and 504 (real estate and fixed assets) loans for both borrowers and lenders. This is retroactive to February 17, 2009 and rebates to those that paid the fees are in order.
- Raising the loan guaranty to 90% for SBA loans to reduce lender's exposure and risk, thus encouraging more loans to be made.
- Additional $50 million funding for the SBA Micro loan program to increase the number of loans up to $35,000 that are made through SBA's non-profit, community based lenders.
- Allowing the 504 program to a) refinance existing debt for fixed loans in an expansion project; b) establish a secondary market; and c) make loans to broker-dealers who buy 504 loans from lenders.
- Using $15 billion of the Troubled Asset Relief Program (TARP) funds to purchase SBA-backed loans to unfreeze the secondary market (so that funds will be available for additional lending).
- Raising SBA-backed surety bonds from $2 million to $5 million to help small businesses better compete for construction and service contracts.
- Develop and implement a new loan program called America's Recovery Capital (ARC) Stabilization Loans to provide help to viable small businesses so that they can make up to six months of principal and interest payments on existing, qualifying, non-SBA backed loans. The maximum loans will be $35,000; carry a 100% SBA guaranty (to the lender); repayment will not be required until 12 months after final disbursement; and will require no fees. *This program is currently in development.*

Although items 1 through 6 were only implemented on March 16, 2009, early returns indicate a strong reception in that lenders reported a sizeable increase in loan activity over the last 30 days (SBA lenders with an increase reported that their volume more than doubled going from 19.8% to 46.9%). SBA reports that $1.4 billion in

District Directors Corner (Cont.)

ans has been approved under ARRA since last month when the program began. We are so seeing an improvement in the secondary market where pricing has seen a sizeable jump 105; nearly twice what it was a month ago), indicating that investors are starting to return.

hough these are early returns and certainly too soon to rejoice, this is finally some good ws and reason to hope that we have already hit bottom and may have actually started the covery process. If this trend is what we hope, then the ARRA may be providing some im- tus to free up the credit market, invest in small businesses, and stimulate the economy. ut accolades must be given to those lenders that are opening their credit lines *and* to those trepreneurs who refuse to give up, in spite of the economic downturn, proceeding on in eir attempts to start or expand small businesses because they believe in the American eam. From economic troubles, we witness new alliances being formed as business owners arch out and find lenders who support them. Said another way, market shares are moving.

ennis Melton

Karen Gordon Mills Sworn in as SBA Administrator

e St. Louis District Office welcomes Karen Gordon Mills, SBA's new Administrator. She was worn in April 6, 2009, as the 23rd Administrator of the U.S. Small Business Administration. he was appointed by President Barack Obama and confirmed unanimously by the Senate.

testimony on April 1 before the Senate Committee on Small Business and Entrepreneur- ip, Mills discussed her hands-on experience managing and helping to grow small busi- sses.

was there on the factory floor in Arkansas and Ohio working to weather the recession of the rly '90s," she said. "Those experiences give me a deep understanding of what our small sinesses need today to survive this downturn and to prosper in the years ahead. Since then, ave helped grow companies in organic food, and women's media, and spent time in rural aine working with our boat builders and composite technology to help them compete oughout the globe.

he sum of my experience is this: I am a believer in American small business. I am a believer America's ability to manufacture goods and services that are world class, and I am a be- ver in America's spirit of entrepreneurship. This spirit is one of our country's greatest assets d we need to cultivate it today, more than ever."

lls, of Brunswick, Maine, was president of MMP Group and has a 25-year career of investing and growing small businesses. In 2007, she was appointed by Maine Gov. John Baldacci as air of the state's Council on Competitiveness and the Economy, where she focused on at- cting investment in rural and regional development initiatives. She also co-authored a ookings Institute paper on competitive clusters.

lls is also a member of the Council on Foreign Relations and has served as vice chairman of e Harvard Overseers. She holds a degree in economics from Harvard University and an BA from Harvard Business School, where she was a Baker Scholar. Mills and her husband arry Mills, president of Bowdoin College in Brunswick, Maine, have three sons.

Upcoming Events

SCORE Hosts Express Loan/ Revolving Line of Credit Workshops to Start or Expand a Small Business

SCORE will be offering loan workshops where you can get help in applying for an SBA Express, Community Express, Patriot Express or Export Express loan. The workshops are free of charge.

Tuesday, June 9
St. Louis Community College-Florissant Valley Campus
3400 Pershall Rd.
Ferguson, MO 63135
1-3:00 pm OR 6-8:00 pm

Wednesday, June 10
St. Louis Community College-Meramec Campus
11333 Big Bend Blvd.
Kirkwood, MO 63122
1-3:00 pm OR 6-8:00 pm

Thursday, June 11
St. Louis Community College-Forest Park Campus
5600 Oakland Ave.
St. Louis, MO 63110
1-3:00 pm OR 6-8:00 pm

To register or for additional information, e-mail Laurel at admin@stlscore.org or call SCORE at 314-539-6600, ext. 260.

Effects of the American Recovery and Reinvestment Act of 2009 on SBA Programs

Friday, June 19—10:00 am
Federal Courthouse & Post Office
Room 116
Hannibal, MO 63401

The seminar will provide information on the provisions of the Recovery Act and how they can help your small business. SBA's financial assistance, management assistance and business opportunity programs will also be discussed.

To reserve your spot, call Bob Newman at 573-406-0134 or e-mail him at robert.newman@sba.gov

The American Recovery and Reinvestment Act is an unprecedented effort to jumpstart our economy, create or save millions of jobs, and ensure our nation can meet the challenges of the 21st century. The Recovery Act assigns a key role in this effort to the U.S. Small Business Administration, providing it with program tools that offer new economic incentives to small businesses and lenders alike, all aimed at growing our economy through job creation, re-starting lending, and investing in small businesses and the entrepreneurial spirit of Americans.

The Recovery Act takes a comprehensive approach to several problems facing small business today. The Act:

- Provides entrepreneurs and lenders financial relief from the current economic crisis that will help encourage borrowing and lending to all small businesses, including start-ups
- Offers businesses access to the capital and the tools they need to drive economic recovery and to create and retain jobs
- Helps unlock credit markets for small businesses
- Temporarily eliminates some loan fees for borrowers and lenders

The bill is divided into nine key components, including:

- Temporary Elimination of Loan Fees
- Temporary 90 Percent Guarantees
- Secondary Market Liquidity for Section 7(a) loans, SBA's largest loan guarantee program, which serves a wide variety of small business borrowing needs
- America's Recovery Capital (ARC) Stabilization Loans
- Expanded Microloans
- Surety Bond Program Expansion
- Secondary Market for First Mortgages associated with Section 504 Certified Development Company loans, which support small business capital-asset and real-property investments
- Expanded Refinancing Project for Section 504 loans
- SBIC Program Expansion

SBA is working to implement these elements with the goal of having the broadest impact on small businesses as rapidly and effectively as possible. For additional information as it becomes available, visit our web site at www.sba.gov/recovery.

IRS Provisions of the Recovery Act for Small Businesses

Congress approved and the President signed new economic recovery legislation, the American Recovery and Reinvestment Act of 2009 (ARRA) two months ago. Here are some key tax and business-related provisions for small businesses and their employees:

- Net Operating Loss Carryback
- Section 179 Deduction
- Reduction of Estimated Tax Payments
- Extension of Bonus Depreciation Deductions Through 2009
- Capital Gains Tax Break for Investment in Small Business

Other provisions for employers and employees:

- Increased Transportation Subsidy
- Up to $2,400 in Unemployment Benefits Tax Free in 2009
- COBRA: Health Insurance Continuation Subsidy
- First-Time Homebuyer Credit Expands
- Enhanced Credits for Tax Years 2009, 2010
- Payroll Checks Increased This Spring
- Money Back for New Vehicle Purchases

You can find more information and links to all of this information on the IRS's American Recovery and Reinvestment Act of 2009 Web site.

SMALL BUSINESS WEEK
MAY 11-16, 2009

May 11, 2009 marks the beginning of the annual St. Louis Small Business Week events. We will have a full week of activities that offer guidance, information, networking opportunities, and recognition of the success of the entrepreneurs of Eastern Missouri and the businesses that support them.

We congratulate our Small Business Week winners, many of whom went on to win at the regional level and two who won at the national level! And the winners are:

Missouri Small Business Team of the Year: Russell Odegard and E. Michael Pruett, DynaLabs, LLC

St. Louis District Young Entrepreneur of the Year: Karen Banks, Details, Details, Details! Inc.

St. Louis District Women in Business Champion of the Year: Annetta M. Vickers, T.A. B. Company, Inc.

Region VII Veteran Small Business Champion of the Year: Darcella Craven, St. Louis Veterans Business Resource Center

Region VII Small Business Journalist of the Year: Susan Wilson Solovic, SBTV.com

National Minority Small Business Champion of the Year: Eddie G. Davis, St. Louis Black Leadership Roundtable

St. Louis District Home-Based Business Champion of the Year: Jeannine Clontz, Accurate Business Services

Region VII Financial Services Champion of the Year: Stephen R. Callow, Southwest Bank, an M&I Bank

Region VII Prime Contractor of the Year: Michael Zambrana, Pangea, Inc.

National 504 Lender of the Year: Greg Prestemon, St. Charles County Economic Development Council

Our sincere congratulations go out to all of our winners who will each be recognized throughout the week and at our awards dinner.

We would also like to thank the more than 40 members of the Small Business Week of Eastern Missouri, Inc. committee for their commitment to bringing a full week of events for small business owners and champions.

Many activities are also planned in Washington, DC for the National Small Business Week celebration which will be held May 17-19, 2009. For a schedule of events, please visit the website at http://www.nationalsmallbusinessweek.com/.

Following are the activities during Small Business Week. For additional information about the activities planned for Small Business Week in St. Louis, Missouri, visit the website at www.smallbusinessweekstl.org.

- **SESSION 1: Salute to Small Business Lenders & Hall-of-Fame Kick-Off Networking Breakfast**
- **SESSION 2: The Secrets for Getting Financing for Your Business**
- **SESSION 3: NAWBO Happy Hour to Honor the Women Winners**
- **SESSION 4: Do's and Don'ts of Hiring and Firing**
- **SESSION 5: SBA Loans: Keys to Your Financial Success**
- **SESSION 6: U.S. Army Corps of Engineers, St. Louis District "HELP WANTED—Building a Strong Team for a Better Tomorrow**
- **SESSION 7: Exporting for Growth and Profit: A Primer**
- **SESSION 8: Valuation: History and Methods**
- **SESSION 9: Business After Hours: Building a Region of Entrepreneurs**
- **SESSION 10: Home-Based Small Business Breakfast**
- **SESSION 11: Government Marketing Fundamentals**
- **SESSION 12: Veterans Business Resource Center—Cashing in on Insiders Tips to Government Contracting**
- **SESSION 13: Annual SBA Exhibit Gala**
- **SESSION 14: Annual SBA Awards Dinner**
- **SESSION 15: SCORE: How to Start and Manage Your Own Business**

Columbia, Missouri will be celebrating Entrepreneurial Excellence Week at the same time as National Small Business Week. For events in Columbia, Missouri, visit their website at www..columbiabizawards.com.

Gateway e-Gazette

Official quarterly small business e-newsletter of the U.S. Small Business Administration's St. Louis District Office.

200 N. Broadway, Suite 1500
St. Louis, Missouri 63102
(314) 539-6600

Angie Wells
Editor
angela.wells@sba.gov

We welcome your questions or comments. Please contact me at the e-mail address listed above.

Subscription Information

If you would like to subscribe to receive this quarterly e-newsletter and other periodic information, please go to http://web.sba.gov/list/ and click on the box in front of *Gateway e-Gazette Eastern Missouri*, submit your name and e-mail address, and click Submit.

Helping small businesses start, grow and succeed.

Your Small Business Resource

Lender Rankings For Fiscal Year 2009*

Lender		
U.S. Bank, N.A.	52	$2,837,482
Commerce Bank, N.A.	11	2,154,200
Bank of Belton	1	1,500,000
Farmers & Merchants Bank of St. Clair	1	1,419,182
Hawthorn Bank	5	1,224,700
Regions Bank	6	1,090,200
Reliance Bank	1	1,030,250
First Community National Bank	2	1,007,000
Enterprise Bank & Trust	1	1,000,000
The Bank of Missouri	8	920,300
Eagle Bank & Trust Company of Missouri	2	839,041
Banco Popular	4	811,000
Wells Fargo	1	810,800
Federated Bancshares, Inc.	1	800,000
The Central Trust Bank	1	700,000
First State Community Bank	2	639,000
Bank of Crocker	1	570,000
National City Bank	4	531,000
Cass Bank	1	500,000
Southern Missouri Bank & Trust	1	500,000
Pulaski Bank	2	354,200
Peoples National Bank, N.A.	1	350,000
Liberty Bank	1	290,000
First Bank	2	285,000
Southwest Bank, an M&I Bank	3	278,100
Small Business Loan Source	1	271,000
The Boone County National Bank of Columbia	1	250,000
Superior Financial Group	25	230,000
First Community Credit Union	2	226,600
UMB Bank	4	184,000
First State Bank & Trust Company	1	165,000
Bank of Sullivan	2	150,000
Phelps County Bank	3	150,000
First Community Bank, Missouri	1	150,000
Great Southern Bank	1	100,000
HNB National Bank	2	80,000
Bank of Belleville	1	80,000
Borrego Springs Bank, N.A.	2	75,000
County Bank	1	50,000
Community First Bank of the Heartland	1	50,000
The Callaway Bank	1	10,000

Certified Development Companies		
Economic Development Corp. of St. Charles County	13	$6,540,000
RMI	4	4,022,000
Business Finance Corp. of St. Louis County	3	1,614,000
Economic Development Corp. of Jefferson County	2	1,204,000
Meramec Regional Development Corporation	3	917,000
Enterprise Development Corporation	2	779,000

* Rankings based on loans approved October 1, 2008 thru December 31, 2008. Please note that lender rankings for fiscal year 2009 have changed from number of loans to total dollars. This change was made because of the current credit crisis and the desire of the Small Business Administration to encourage the injection of capital into the small business community. Therefore, for fiscal year 2009 our top lender rankings will be based on total SBA dollar volume rather than number of loans made.