

SBA NEW JERSEY

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About SBA New Jersey

SBA New Jersey is a quarterly newsletter written and distributed by the U.S. Small Business Administration's New Jersey District Office.

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Helping small businesses **start, grow** and **succeed**.



Your Small Business Resource

TALKING RECOVERY

In his travels around the state, SBA New Jersey District Director, James A. Kocsi is talking up the American Recovery and Reinvestment Act (ARRA) with small business owners. He is also seeing signs of a recovery.

Since SBA received \$730 million in Recovery Act funding, to help unlock the small business lending market and get much needed capital flowing again to America's small businesses.

SBA's national loan volume has increased more than 45 percent. As of July 17, SBA has supported \$6.9 billion in small business lending with the approval of \$5.1 billion in loans since Feb. 17. Since the signing of ARRA, weekly loan dollar volume has also risen more than 45 percent in the 7(a) and 504 programs, compared to the weekly average before passage.

Kocsi also noted that loan volume in New Jersey has increased 53 percent as a result of ARRA. "More importantly, new lenders are participating in SBA's programs and prior participants are returning," he said.

"There seems to be broad support to small businesses," said Kocsi. "A significant share of loans supported by Recovery Act funding has gone to rural (26 percent), minority-owned (20 percent), women-owned (19 percent), and veteran-owned (9 percent) businesses."

After months of reduced activity and lower premiums, the SBA's 7(a) secondary market is picking up and premiums are beginning to recover. Driven partly by lenders clearing older inventory, nearly \$360 million in 7(a) loans settled in June, lifting the secondary market closer to historical levels and provid-



Talking Recovery—SBA's New Jersey District Director, James A. Kocsi (Left) joins Congressman Bill Pascrell (Center) as they discuss new SBA programs, that came from the American Recovery and Reinvestment Act, with Ben Leuzzi, owner of Verona Sports Center, Inc. Kocsi joined Congressman Pascrell on a walking tour of the Verona business district to listen to business owners' concerns and help promote new loan programs from the SBA.

ing lenders with additional liquidity to increase lending.

As of July 29, SBA has approved more than 900 America's Recovery Capital (ARC) loans totaling \$30 million, and weekly loan approvals are consistently increasing. "We are continuing to assist struggling small businesses with the new ARC loan program, which provides no-interest, deferred repayment loans of up to \$35,000 to viable businesses to help them make debt payments," said Kocsi.

Small business owners interested in learning more about the Recovery Act programs that are now available, should call SBA's Assistant District Director for Lender Relations, William C. Boone of the New Jersey District Office at (973) 645-2179 or visit SBA's Web site at www.sba.gov/recovery, or visit www.recovery.gov.

Additional Recovery Programs are Available to Small Businesses

What small business owners should know:

When the American Recovery and Reinvestment Act (ARRA) became law, SBA's first actions were to temporarily eliminate loan fees on our 7(a) and 504 lending programs and to offer a 90 percent guaranty on most 7(a) loans. Recently, three additional ARRA improvements were rolled out as featured below. For a complete listing of SBA's ARRA efforts, please visit www.sba.gov/recovery



504 Refinancing

Small businesses seeking to expand are now able to refinance existing loans used to purchase real estate and other fixed assets as a result of permanent changes to the U.S. Small Business Administration's 504 Certified Development Company loan program. The changes were authorized in the American Recovery and Reinvestment Act of 2009.

The permanent changes now allow small businesses to restructure eligible debt to help improve their cash flow which, in turn, will enhance their viability and support growth and job creation. The 504 loan program can be used to purchase business real estate or fixed assets, such as heavy equipment or machinery, and expand current development projects.

Debt Refinancing: Legislation allows 504 program projects to include a limited amount of debt refinancing if there is a business expansion and the debt refinanced does not exceed 50 percent of the projected cost of the expansion. "Expansion" includes any project that involves the acquisition, construction or improvement of land, building or equipment for use by the small business.

The following are some of the conditions under which borrowers will be eligible for refinancing:

- The debt being refinanced was incurred to acquire land, to construct a building or to purchase equipment. The assets acquired must be eligible for financing under the 504 program.
- The existing debt is collateralized by fixed assets.
- The existing debt was incurred for the benefit of the small business.
- The new financing provides a substantial benefit to the borrower when prepayment penalties, financing fees, and other financing costs are taken into account.
- The borrower has been current on all payments of existing debt for one year prior to the date of refinancing.

For a list of 504 Certified Development Companies in New Jersey, visit the following Web site at

http://www.sba.gov/localresources/district/nj/NJ_L504.html

America's Recovery Capital Loans

ARC loans can be used to make payments of principal and interest, in full or in part, on one or more existing, qualifying small business loans for up to six months. ARC loans provide an immediate infusion of capital to small businesses to assist with making payments of principal and interest on existing debt. These loans allow borrowers to redirect cash flow making loan to investing in their businesses, to help sustain the business and retain jobs.

ARC loans are available up to \$35,000 and are interest free to the borrower, carry a 100 percent guaranty from the SBA to the lender, and require no fees to SBA. Loan proceeds are provided over a six-month period and repayment of the ARC loan principal is deferred for 12 months after the last disbursement of the proceeds. Repayment can extend up to five years.

The best candidates for ARC loans are small businesses that in the past were profitable but are currently struggling, yet have been making loan payments or are just beginning to miss loan payments due to financial hardships.

ARC loans are made by commercial lenders who participate in SBA's Guaranty Loan program. ARC loans are being offered for as long as funding is available or until September 30, 2010, whichever comes first. For a list of lenders who are participating in the ARC loan program, please call SBA's Assistant District Director for Lender Relations, William C. Boone of the New Jersey District Office at (973) 645-2179.

Increased Venture Capital Funding Available

Small business owners will now find it much easier to access venture capital under SBA's Small Business Investment Company program. The Recovery Act expands SBA's venture capital program to increase the pool of investment funding available to Small Business Investment Companies (SBICs).

The Recovery Act makes SBICs eligible for greater SBA guaranteed funding and requires SBICs to invest 25 percent of their investment dollars into "smaller" businesses. Also, the amount of funding an SBIC may invest in a single small business is set at 10 percent of an SBIC's total capital rather than the previous limit of 20 percent of an SBIC's private capital only. This translates to an effective 50 percent increase in funding available to a single business by an SBIC.

Maximum SBA funding levels to SBICs will increase up to three times the private capital raised by the SBIC, up to a maximum of \$150 million for single SBICs, or up to \$225 million for multiple SBICs that are under common control. For additional information, visit

www.sba.gov/inv.

Top SBA Lenders

(Results for Fiscal Year 2009 - Oct. 1, 2008 through June 30, 2009)

Lender	# of Loans	\$ Amount
1) TD Bank	123	\$51.0 million
2) BNB Bank	85	\$38.0 million
3) Innovative Bank	74	\$ 2.6 million
4) Central Jersey Bank, NA	35	\$13.6 million
5) Sovereign Bank	32	\$ 2.1 million
6) New Jersey Business Finance Corp.	27	\$19.3 million
7) BankAsiana	22	\$ 7.4 million
8) Superior Financial Group	18	\$.1 million
9) PNC Bank	17	\$ 7.7 million
10) JPMorgan Chase Bank	17	\$ 1.4 million

Cherry Hill Firm Named Region II Prime Contractor of the Year

Universal Technical Resource Services, a Cherry Hill-based company that provides a wide range of cutting-edge scientific, engineering, management and information technology services to the public and private sectors, primarily the U.S. Department of Defense, was named recipient of the U.S. Small Business Administration's 2009 Regional Prime Contractor of the Year Award for Region II, it was announced recently.

In making the announcement, SBA New Jersey District Director James A. Kocsi said that UTRS competed against several other firms from Region II, which encompasses New Jersey, New York, Puerto Rico and the U.S. Virgin Islands, for the award.

In 1985, Gerald Wright, CEO, along with the late Lamont McLean, formed UTRS. Initially the company specialized in providing data processing ser-



Prime Time—Gerald Wright (l) seen here with SBA NJ District Director, James A. Kocsi receiving SBA's Region II, Regional Prime Contractor of the Year Award.

vices to large commercial companies. Eventually, with the addition of Albert Zalcmann, President, and a staff of personnel experienced in the government marketplace, the company expanded its services to include consulting and engineering in diverse technical areas. Gradually the firm's customer base grew to include clients such as the Department of

Defense, the Federal Aviation Administration and the Federal Laboratory Consortium for Technology Transfer.

Along the way, UTRS discovered a niche market for providing its customers with prototype and manufacturing support. The company's manufacturing support team consists of mechanical and electrical engineers, computer scientists, machinists, and welders who are experts in manufacturing technology. This division has helped many small businesses extend their technical expertise and supported a number of large companies that favor outsourcing for cost-effectiveness.

Today, the company generates revenues in excess of \$20 million with more than 130 employees. For more than 10 years the company has supported Picatinny Arsenal and recently has worked on rapid prototyping and

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Upcoming Events

Meet the Lenders
 Tuesday, August 18, 2009
 10 a.m.— 12 Noon
 Centenary College
 Learning Center Classroom 6
 300 Littleton Rd.—3rd Floor
 Parsippany, NJ 07054
 Fee: None
 For Information:
 (908) 852-1400 Ext-2136

Meet the Lenders
 Friday, August 21, 2009
 9:30 a.m. 1:30 p.m.
 Brookdale Community College
 765 Newman Springs Road
 Lincroft, NJ
 Fee: None
 For Information:
 (732) 842-8685

Franchising as an Option
 Tuesday, Sept. 15, 2009
 6:30 p.m.—8:30 p.m.
 SCORE at the South
 Brunswick Public Library
 110 Kingston Lane
 Monmouth Junction, NJ
 Fee: None
 For Information:
 (609) 393-0505
 info@scoreprinceton.org

Introduction to QuickBooks
 Wed., Sept. 23 & 30, 2009
 (Must attend two sessions)
 10:00 a.m.— 1:00 p.m.
 NJAWBO at the SBA
 Two Gateway Center—15th Fl.
 Newark, NJ 07102
 Fee: None
 For Info: (973) 507-9700
 Register online at:
www.njawbo.org/wbc

Financial and Technical Assistance for Small Business
 Wednesday, Oct. 14, 2009
 6:30 p.m.— 9:00 p.m.
 SBA at the Mullica Hill Library
 389 Wolfert Station Road
 Mullica Hill, NJ 08062
 Fee: None
 For Information:
 (856) 223-6025

Healthcare Reform for Small Businesses



SBA Administrator, Karen G. Mills and SBA New Jersey District Director, James A. Kocsi (l) listen to Ken Rosenbaum, general manager of F3 Engineering of Paterson, as he speaks of his concerns regarding healthcare costs for small business owners.

Earlier in the day, Mills and Secretary of HHS, Kathleen Sebelius held a forum at F3 Engineering to meet with and listen to women business owners tell their stories on their struggles to provide their employees with affordable healthcare.

SCORE
 Counselors to America's Small Business

It Pays for Small Business Owners to know the SCORE

In these tough economic times it pays for small business owners and start-up companies to know SCORE—Counselors to America's Small Business. SCORE counselors are executives, CEOs, and other active and retired businessmen who can help turn your business around or help you get started. To get started visit www.score.org to help you with your small business needs. ASKSCORE.org for a free personal consultation from one of SCORE's 11,000 expert business counselors. Find your local SCORE chapter by visiting www.score.org and scheduling a free one on one counseling session with a business expert.

Prime Contractor

(Continued from Page-3)

production of mission-critical systems such as gunner protection kits, mine roller attachments, cupola shields, and strategic metals and manufacturing initiatives.

Kocsi also noted that the firm is a graduate of SBA's 8(a) program, which helps socially and economically disadvantaged firms like UTRS gain access to contracts from federal government agencies. During the nine years the firm participated in the 8(a) program, UTRS received 44 contracts for \$113 million from federal government agencies.

According to Kocsi, Eric J. Blankit, director of the United States Army's Joint Munitions and Lethality Life Cycle Management Command at Picatinny Arsenal, nominated UTRS for the award. UTRS was selected for the award based on criteria that measure the company's

technical and management capability, financial strength, customer interface, and ability to deliver quality products and services at a competitive cost and in a timely manner to the U.S. Government.

In accepting the award, Wright said, "This is a great honor for our company, and is a testimony to the quality service and products that we provide the U.S. Government. This award is a tribute to the dedication of all our employees at Universal Technical Resource Services, Inc., and is an outstanding achievement for a company of our size. We are proud of the work we do for our country and specifically the attention and detail that goes into this important work to support our Warfighter."

According to Kocsi, Wright was honored by SBA's Administrator Karen Gordon Mills during National Small Business Week ceremonies held in Washington, D.C., in May. The **2009 National Small Business Prime Contractor of the Year** is A.R. (Rey) Almodóvar, co-founder and chief executive officer of Intuitive Research and Technology Corp. of Huntsville, AL.