

CLEVELAND DISTRICT OFFICE NEWS
 INFORMATION FOR THE SMALL BUSINESS COMMUNITY

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LOAN REPORT AS OF OCTOBER 31, 2008

7(a) and 504 Loans Combined

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	22	\$1,769
National City Bank	9	\$655
US Bank	9	\$1,918
Charter One Bank/RBS Citizens	8	\$856
KeyBank	4	\$2,970

504 Loans

Bank	Number 504 Approvals
CF Bank	1
Charter One Bank/RBS Citizens	1
Excel National Bank	1
Huntington National Bank	1
KeyBank	1
Ohio Commerce Bank	1
ShoreBank	1
Zions First National Bank	1

CDC	Number 504 Approvals	Dollars (In Thousands)
Cascade Capital Corp.	4	\$2,194
Growth Capital Corp.	2	\$1,277
Horizon Certified Dev. Co., Inc.	1	\$1,172
Lake County SBAC	1	\$444

In News for Our Lending Partners:

- *Participating Lenders' Administration of SBA-Guaranteed Loans*
- *FY2009 Schedule of 1502 Report & Payment Due Dates for 7(a) Loans*
- *SBA Export Financing "Webinar"*



Your Small Business Resource

News for Our Lending Partners

Participating Lenders' Administration of SBA-Guaranteed Loans

The U.S. Small Business Administration's fundamental mission and mandate is to aid, counsel, and protect the interests and well being of America's small business community in the furtherance of the Nation's free enterprise system. This becomes a particularly important mandate during periods of economic uncertainty. It is within this context that the Agency is reemphasizing certain critical SBA loan policy tenets to its field staff and its lending partners.

While the Agency expects its participating lenders to prudently manage and administer their SBA loan portfolios, SBA encourages its participating lenders to do so with a regard and sensitivity to the viability and success of the small business borrower. Thus, while SBA recognizes that during a period of economic uncertainty, some lenders may be inclined to take a more aggressive approach to managing their SBA loan portfolios, the Agency would remind its participating lenders that such aggressive measures may undermine SBA's ability to further its mission of aiding and assisting America's small business community and may contribute to further uncertainty for small businesses and our economy.

For example, SBA has recently received inquiries from lenders about the Agency's policy regarding changing the terms and conditions or "calling" broad numbers of SBA loans due to changing financial variables often unrelated to the operation of the business, such as personal credit scores, declining collateral values, reduced home equity, etc. As a result, the Agency has issued a notice encouraging its participating lenders to not call broad segments of their SBA loan portfolios based only on changing financial factors or variables unrelated to the operation of the business, such as changes in personal credit scores. This also applies to marginal changes in financial or operating factors (such as financial or operating ratios) related to the condition or operation of the business, particularly if those factors or conditions have not been specified in writing and accepted by the borrower at loan closing. SBA thus encourages and expects its participating lenders to approach their SBA loans on an individual basis rather than unilaterally restructuring broad segments of their SBA portfolios.

While this applies to all lending in SBA's 7(a), 504, and Microloan programs, it is particularly relevant and of concern with respect to SBA Express and Pilot Loan Program loans (Patriot Express, Export Express and Community Express), where lenders use their own loan notes as opposed to the SBA Note (SBA Form 147). Under SBA Express and the Pilot Loan Programs, the Agency recognizes that certain revolving loans will have periodic "clean up" requirements or may be renewed by the lender on an annual or other basis. SBA also recognizes that some SBA Express or Pilot Loan Program term loans may include requirements or conditions that the borrower must conform to or the loan may be "called" by the lender. These conditions or requirements, however, must be specified in writing and accepted by the borrower at loan closing, and they must be substantive, not "technical" in nature. While such conditions may be allowed, the Agency strongly encourages lenders to make every effort to work with their SBA borrowers on an individual basis in order to facilitate the longer term success of that small business.

FY 2009 Schedule of 1502 Report & Payment Due Dates for 7(a) Loans

The following is the calendar year 2009 schedule for any required 1502 reporting and for any regular 7(a) payments associated with 1502 reporting (secondary market payments and ongoing guaranty fees). As noted in Paragraph 6 of SBA Form 1086, secondary market and ongoing guaranty fee payments are due to the Fiscal and Transfer Agent (Colson Services) (FTA) on the third *calendar* day of each month, or the next business day if the third day is not a business day. The SBA allows a grace period of two business days after the due date. If the FTA receives a regularly scheduled payment after the expiration of the grace period, a Late Penalty is assessed (subject to a maximum of \$5,000). Paragraph 6(c) of SBA Form 1086 explains the components of the Late Penalty. Lenders will be billed for Late Penalties at the end of each month, which are due to the FTA with the lender's next monthly remittance. Below is the schedule of *final* due dates, which *includes* the two business day grace period. Payments received after the final due date will be subject to the Late Penalty.

2009

JANUARY	7
FEBRUARY	5
MARCH	5
APRIL	7
MAY	6
JUNE	5
JULY	7
AUGUST	5
SEPTEMBER	8
OCTOBER	7
NOVEMBER	5
DECEMBER	7

SBA Export Financing "Webinar"

The U.S. Small Business Administration (SBA) is conducting an SBA Export Financing "Webinar" on Wednesday, November 12, 2008. The Webinar is designed to provide current and prospective small business exporters and SBA participating lenders with an overview of SBA's Export Finance Programs as well as an update on recent changes and developments. This is an excellent opportunity to learn the benefits of these programs and how to support export expansion by SMEs. The Webinar will be held from 10:00 to 11:00 am EST on Wednesday, November 12, 2008 from the comfort of your Office. There is no charge for this event, interested lenders and exporters should e-mail phayes@mail.doc.gov for the Webinar access codes. Given the present trends in our economy, it is of critical importance that adequate financial assistance be made available to small and medium sized businesses. The SBA is committed to supporting small business exporters by providing participating lenders with credit enhancements to enable them to close difficult deals and still meet prudent lending policies. If you have any questions on this or any SBA loan matter, please contact our Lender Relations division at (216) 522-4180. ♦

In an Effort to Help Small Businesses, SBA Encourages Lenders to Offer Loan Deferment Relief

In response to the financial crisis, the U.S. Small Business Administration today announced it is strongly encouraging its participating 7(a) lenders and Certified Development Companies to work with business borrowers to provide them with the flexibility they need to keep their businesses running during these difficult economic times. As access to credit and capital has tightened, many businesses face increased challenges in meeting their financial obligations. This is especially true of small businesses hit hard by the recent economic slowdown that are now unable to make payroll, or purchase essential inventory.

SBA is reminding participating lenders they have the authority on a case-by-case basis to extend temporary payment relief for qualifying borrowers with 7(a) and 504 loans who are struggling to make their payments. "The SBA is here to help small businesses during these difficult economic times. We are encouraging our lending partners to follow suit by extending three-month payment deferments on their SBA guaranteed loans to qualified borrowers who need relief," said SBA Acting Administrator Sandy K. Baruah.

"We recognize that small business owners are faced with challenging decisions right now. By providing three-month deferments to qualifying borrowers who are struggling, our lending partners can help small business owners free up the capital they need to maintain their businesses."

If a deferment longer than three consecutive monthly payments is needed for a loan, borrowers can work directly with their lenders who in turn will work closely with the SBA to identify the best solution. At the same time, the SBA is asking its lenders not to broadly call borrower loans due to changing financial variables, such as fluctuations in personal credit scores, declining collateral values, and reduced home equity, which are currently affected by the disruption in the financial markets. The SBA has issued a notice that will be distributed widely to its lenders and 120 field offices encouraging them to look at these cases individually and to work with individual borrowers in order to facilitate the longer term success of these small businesses. ♦

For more information about all of the SBA's programs for small businesses, visit the SBA's Web site at <http://www.sba.gov>.

"The SBA is here to help small businesses during these difficult economic times. We are encouraging our lending partners to follow suit by extending three-month payment deferments on their SBA guaranteed loans to qualified borrowers who need relief."

— SBA Acting Administrator
Sandy K. Baruah

WANTED: National Small Business Week Nominees

In recognition of the small business community's contribution to the American economy, the President of the United States designates one week each year as National Small Business Week. As part of this special week, SBA presents awards to deserving entrepreneurs and small business champions/advocates at the district, state and national levels. We are already beginning our preparations for Small Business Week '09, but we need your help making the week a success! We are seeking nominees for the awards that will be distributed during Small Business Week. If you know of someone deserving of consideration for these prestigious awards, please contact Jim Donato at (216) 522-4180, ext. 215. Jim can provide details of the nomination process. We hope to accept applications for various award categories, including Small Business Person of the Year, Small Business Exporter of the Year, Financial Services Champion of the Year, Minority Small Business Champion of the Year, Women in Business Champion of the Year, Veteran Small Business Champion of the Year, Small Business Journalist of the Year, SBA Family-owned Small Business of the Year, and others. We know we have great small businesses and small business champions here in the area – let's see if we can get one recognized at the National level during Small Business Week '09!!! ♦

Governmentwide Data Shows Small Businesses Won a Record \$83.2 Billion

Small businesses won a record \$83.2 billion in federal prime contracts in Fiscal Year 2007, an increase of almost \$6 billion from 2006, according to the U.S. Small Business Administration's second annual small business procurement scorecard. In addition, each socio-economic group increased its share of federal contracting dollars by at least \$1 billion. The total does not include \$3.9 billion worth of contracts for which size was not indicated in the federal government's official database, the FPDS-NG. As a result, none of those dollars were counted toward small business achievement numbers. Also not included was an additional \$64.8 billion in federal subcontract dollars received by small businesses.

All told, the federal government database shows that federal agencies awarded 22 percent of their contracting dollars to small businesses, just short of the 23 percent government-wide goal. Achieving 22 percent, shy of the 23 percent goal, reflects the need for the federal government to bolster its efforts across government to secure contracting opportunities for small businesses. It also reflects SBA's efforts to increase the transparency, accuracy and accountability of small business federal contracting have been effective.

"We are proud of the small business community for capturing more dollars in federal contracts and also of the agencies for making good progress in reaching their goals," said SBA Acting Administrator Sandy Baruah. "This year, the SBA made it more challenging for federal agencies to meet their goals, due to our initiatives to cleanse the federal contracting database of bad data, and ensure that small businesses receiving small business contracts meet the definition of small. This is good news for small businesses because it means the government will need to work harder to get federal contracts into the hands of small businesses." ♦

Small Business Goaling Summary Report

Category	2006		2006	2007	
	Goal	%	Revised \$	%	\$
Small Businesses	23%	22.8%	\$77.7 billion	22%	\$83.2 billion
Small Disadvantaged Businesses	5%	6.8%	\$23 billion	6.6%	\$24.9 billion
Service-disabled Vets	3%	0.9%	\$2.9 billion	1.01%	\$3.8 billion
Women	5%	3.4%	\$11.6 billion	3.4%	\$13 billion
HUBZone	3%	2.1%	\$7.2 billion	2.2%	\$8.5 billion

The goaling reports released by SBA are available at <http://www.sba.gov/aboutsba/sbaprograms/goals/index.html>

Portage County Economic Development Summit Held

Portage County hosted an economic development summit at the Northeast Ohio Universities College of Medicine in Rootstown on October 2. Over 140 attended the daylong program about the economic challenges facing northeast Ohio and the economic development tools that are available to meet those challenges.



(from left) Dan Smith, City of Kent Economic Development Director, Bill Ulik, Portage County Development Director, and Bill Hoover, Executive Director of the Kent Area Chamber of Commerce

The sessions covered a wide range of development programs including SBA loan programs, Kent State University's business incubator, State of Ohio programs, Joint Economic Development Districts and much more.

Attendees included chamber executives, local public officials, bankers, developers and business owners. The Commissioners of Portage County and the Office of Economic Development, headed by Bill Ulik, organized the event in an effort to bridge the gap between needs and resources for local economic development. ♦

Cascade Capital Corporation Hosts Annual Growth Awards

Cascade Capital Corporation hosted its 14th annual Business Growth Awards banquet at the Hilton Fairlawn on October 2 with over 300 attending.

Ellis Yan, CEO of Aurora based TCP, Inc., received the First Merit Legacy Award for 2008. TCP specializes in energy-saving lighting products and produces 70% of the compact fluorescent light bulbs on the national market. The company started in 1993 and now occupies a 154,000 square-foot facility in Aurora.

William Fink, CEO of Kent based Area Wide Protective, Inc. (AWP), accepted the first Entrepreneurial Spirit Award – Cascade's newest Growth Award. AWP provides traffic control and safety procedures for utility work on roadways in 13 states.

Cascade also recognized Hattie Larlham, a not for profit organization serving people with disabilities that has collaborated with the Akron SCORE chapter on various projects. ♦



Bob Filipiak, Executive Director of Cascade Capital Corporation and Dave Kinzel, Senior Loan Officer



Marty Oppenheimer and Russ Vernon of Akron SCORE

SBA Offers New Online Training for Exporters

A new online course will help small businesses explore exporting opportunities in international markets. *Global Enterprise: A Primer on Exporting* is a free, self-paced course that provides practical guidance on exploring international markets. The new course is available from the Small Business Administration training Web site at www.sba.gov/training. To access the course, click on "Free Online Courses," and then select the first course listed under International Trade.

The course is a comprehensive training module using script and audio to provide fundamental information about selling in global markets. It illustrates how to identify international markets, develop an export strategy, make and receive international payments, and finance trade operations, plus provides guidance on determining a firm's readiness and suitability for exporting. The Exporting Primer includes more than 45 direct links to many key international resources. Exporting can be an avenue to tap into the increasing global marketplace. There are some 236,000 small business exporters, representing 97% of all U.S. exporters, and they generate approximately 30% of export sales. In 2007, U.S. exports of goods and services amounted to \$1.6 trillion, with small businesses accounting for nearly \$500 billion of those exports.

"The advantages to exporting can mean big opportunity for entrepreneurs that want to capitalize on emerging markets worldwide," said SBA Acting Administrator Sandy K. Baruah. "The SBA recognizes the value of reaching out to small businesses early in the trade game by using technology that is readily accessible and easy to use."

In addition, the SBA's partnership with the U.S. Department of Commerce and the Export-Import Bank offers federal export programs and services through the U.S. Export Assistance Centers. Small businesses can receive a full range of business export assistance under one roof. Making it easier to get the help needed to compete and succeed in the global marketplace.

"More now than ever, small business exports play a major role in our economy," said Luz Hopewell, SBA Director of International Trade. "Through the new online exporting course, the SBA will be able to help more small businesses access new markets, sell more goods overseas, and create new jobs at home."

Course participants completing the 30-minute online training programs earn a certificate of completion from the SBA. The Export Primer course is one of nearly 30 online tutorials offered by the SBA on its virtual campus, the Small Business Training Network (www.sba.gov/training). SBTN is part of the SBA's Office of Entrepreneurship Education (OEE), which combines the Agency's online education programs, youth outreach, and outreach to underserved markets under a single umbrella. ♦

SBA Introduces its Newest Online Resource for the Baby Boomer Generation of Entrepreneurs

The U.S. Small Business Administration has unveiled a new Web site geared to the 50-plus entrepreneur, providing useful information, links and resources vital to starting, growing and expanding a small business.

The new Web site at www.sba.gov/50plusentrepreneur features interactive information and links to help 50-plus entrepreneurs considering the benefits and rewards of business ownership, and to help them make informed choices about business ownership.

"The SBA is working hard to increase opportunities for small businesses of the baby boomer generation at every stage of their business development through better technology tools and effective services through the agency's district offices and resource partners," SBA Acting Administrator Sandy K. Baruah said. "We believe 50-plus entrepreneurs will drive significant new business growth in the coming years."

Components of the new Web site include a self-assessment feature to help the aspiring entrepreneur determine his or her business readiness, information on borrowing and credit, and inspirational success stories from baby boomer entrepreneurs. The Web site will help users evaluate the reasons for business ownership after age 50, the risks involved, and how to devise a plan of action at every phase of business development.

This is the first new offering under the structure of the re-launched Office of Entrepreneurship Education (OEE). OEE combines SBA's online education programs, business and community initiatives, and outreach to underserved markets under a single umbrella.

As baby boomers consider career and lifestyle shifts that extend beyond their work careers, tapping into the world of business ownership can allow them to leverage their flexibility, know-how and business acumen to go into business for themselves. Many have already joined the ranks of the nation's self-employed and small business owners.

The SBA provides financial, management and technical assistance to thousands of small business owners throughout the country. The Web site can be accessed at all times, as well as the SBA's other online resources and free online training at www.sba.gov. ♦

Gonzalez Bill Will Simplify Home Office Deductions

Advocacy Commends Introduction of the Home Office Tax Deduction Simplification and Improvement Act

Chief Counsel for Advocacy Thomas M. Sullivan has commended Representative Charles Gonzalez (D-TX) for introducing the Home Office Tax Deduction Simplification and Improvement Act (H.R. 7074). The bill will simplify the home office deduction by introducing a standard deduction for small business owners. It is companion legislation to S. 3371, introduced earlier this year by Senator Olympia Snowe (R-ME). In a letter to Representative Gonzalez, Chairman of the Regulations, Healthcare, and Trade Subcommittee of the U.S. House Small Business Committee, Sullivan said that he supported the measure and commended the Representative's introduction of the bill. Sullivan wrote, "H.R. 7074 will address the issue [home office deduction] legislatively."

Members of the small business community frequently appeal to the Office of Advocacy for relief from tax requirements that are disproportionately burdensome. According to research from Advocacy, tax compliance is 67 percent more burdensome for the smallest businesses compared to their larger competitors. Tax complexity, combined with the fact that 53 percent of America's small businesses are home-based, prompted Advocacy's support for H.R. 7074. Last year, as part of Advocacy's Regulatory Review and Reform (r3) initiative, the National Association for the Self Employed (NASE) and others identified the home office deduction as a tax provision that is unduly complex. Advocacy agreed with the NASE and named the deduction as a 2008 r3 Top 10 Rule for Review and Reform.

In July, Chairman Gonzalez held an oversight hearing on "Regulatory Burdens on Small Firms: What Rules Need Reforms?" that examined the 2008 r3 Top 10 Rules for Review and Reform. The hearing, at which Chief Counsel for Advocacy Sullivan testified, focused on the need for reform of the home office deduction. The Office of Advocacy, the "small business watchdog" of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues.

For more information, visit the Office of Advocacy website at www.sba.gov.advo. ♦

Hitting a brick wall with your Federal tax issues?

The Taxpayer Advocate Service can help small businesses.

While many tax questions are easily resolved with a call or letter to the Internal Revenue Service (IRS), some problems are tougher and more persistent. This can be frustrating, overwhelming, and sometimes scary. That is where the Taxpayer Advocate Service (TAS) comes in. As an independent organization within the IRS, TAS represents the interests and concerns of all taxpayers and protects taxpayer rights. This mission includes ensuring taxpayers have access to necessary information and services and receive clear, correct resolutions to problems and inquiries. TAS has over 2,000 employees and a taxpayer advocate in every state.

How do you know if you qualify?

The Taxpayer Advocate Service is for taxpayers who have tried to solve their Federal tax problems through regular IRS channels, but still cannot reach a resolution. You may be eligible for assistance from TAS if:

- You've exhausted other channels
- You face significant hardship or cost
- You face a 30-day delay to resolve the issue, or
- A response or resolution deadline was promised by the IRS, but has not been met.

Qualified taxpayers will receive personalized service from a knowledgeable advocate. He or she will listen to your situation, help you understand what needs to be done to resolve it, and stand by you every step of the way until your problem is resolved. If you have an ongoing tax problem, and believe you may benefit from TAS, contact TAS today at 1-877-ASK-TAS1, or visit the IRS Web site at www.irs.gov/advocate. ♦