

# BANKNOTES

May 2008

## INSIDE THIS ISSUE:

<i>Oklahoma Lender Profile</i>	2
<i>2008 Oklahoma Small Business Award Winners</i>	3
<i>Mid America Lenders Conference set for August</i>	3
<i>Top 10 Oklahoma SBA Loans in April</i>	4
<i>FY 2008 Top 10 Oklahoma Counties for SBA Lending to Date</i>	4

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



Your Small Business Resource

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## 2008 OKLAHOMA FINANCIAL SERVICES CHAMPION OF THE YEAR

### *Ted Cundiff earns state award*

Ted A. Cundiff, Spirit Bank in Tulsa, was named 2008 Oklahoma Financial Services Champion of the Year. Ted was nominated for the award by D. Gene Bishop, Northpoint Wealth Management, LLC.

Cundiff has more than 14 years of banking experience. In 2003, he responded to the cry of small business owners who needed help in planning for the future, managing the needs of their employees, responding to the market and obtaining financing. Cundiff, because of his passion and understanding of small business, led the development of Spirit Bank's



Business Resource Center (BRC).

"This concept was birthed from the culture of the Kelly family, the majority owners of SpiritBank," said Cundiff. "The Kelly family has roots in rural America which has always been the foundation of many communities. It's the idea of helping and supporting the business community to be successful. As our business owners thrive and prosper so does our economy."

The BRC is made up of a consortium of Tulsa's most talented professionals who assist the community's small business leaders with critical business decisions. Within the center Cundiff built a one-stop-shop for small businesses, developed a virtual BRC website and created the Strategic Partner network. Spirit Bank calls The Business Resource Center a new concept in banking. The bank has built a team of preferred partners to ensure their customers have every tool possible to succeed. The team is made up of accountants, attorney's business consultants, human relations consultants and graphic technicians. Cundiff is leading the development of similar BRC facilities in Oklahoma City.

## *Top Lenders of 7(a), 504, and Export Loans; Inner City Lenders, at National Small Business Week*

The SBA recognized the performance, commitment and support to small business of the top SBA lenders in the nation.

Six banks and two small business finance corporations were honored during an event at The Westin New York at

Times Square in New York City, as part of the celebration of National Small Business Week 2008 April 21 - 25.

The awards to lenders were presented by SBA Administrator Steve Preston at an event sponsored by the Initiative for a Competitive

Inner City. The 7(a) Loan Lender of the Year was split into two sub-categories: Large lender for banks with an SBA loan portfolio of \$100 million plus, and small lender for a portfolio of less than \$100 million.

**See Lender Awards, Page 2**

# THE LENDER'S ADVANTAGE

## OKLAHOMA PROFILE: TODD WELCH, BANK OF KREMLIN



**Q:** How long have you been participating in SBA Lending?

**A:** I first started doing SBA loans in 1999.

**Q:** What loan programs do you use?

**A:** To date we have used 7A, Express, and Community Express (We are approved for Patriot Express but have not made a loan under that program yet).

**Q:** Why is the SBA guaranty attractive to your bank?

**A:** It allows us to make loans that we would not normally make (usually due to weak collateral).

**Q:** Can you give an example of a business that you did an SBA loan for and what risk

was mitigated with the SBA guaranty?

**A:** We did a string of convenience stores in northwest Oklahoma and the guaranty helped us manage the risk associated with that sort of loan.

**Q:** Can you give an example of a business you have done an SBA loan for that impacted your community?

**A:** The bank did a loan for a wholesale fuel distributor in this area. The amount of the loan was \$1,100,000.00 this loan helped create 5 new jobs.

**Q:** How are the SBA Programs beneficial to your bank?

**A:** The SBA loans benefit the bank by help-

ing us spend less time with the regulators explaining the risks involved with each loan.

**Q:** Do you have any suggestions for improving SBA Programs?

**A:** I wish the program was more efficient. Sometimes it takes a while to receive an answer on things. We would also like to see increased lending limits.

**Q:** Do you use any other Government Guaranty program?

**A:** The Bank is a preferred lender with the Farm Service Agency.

### THE VALUE OF THE SBA GUARANTY

Lenders are in business to make a profit and SBA products allow them to do so. At right, is a simple profitability model that displays how a profit can be made by a lender using an SBA loan in direct comparison to a conventional loan. SBA takes a portion of the risk, but takes no portion of the profits. Because of this, SBA loans generate a much lower Loss Rate for the lender, allowing them to go deeper into the Credit Pool with less risk than a conventional loan. Since SBA covers a percentage of the potential loss, this also allows a much more favorable percentage in the Loan Loss Reserves cost because reserves are not required for the guaranteed portion. The combination of these two items makes an SBA loan more profitable for the lender than a comparable conventional loan.

Principal Amount: \$1,000,000.00  
 Term in months: 240  
 SBA Guaranty Percentage: 75.00%

#### Comparative Annual Return

	Conventional Loan	SBA Loan
<b>Interest Income</b>	10.00%	10.00%
<b>Cost of Funds</b>	-3.00%	-3.00%
<b>Expected Loss Rate</b>	-3.15%	-0.79%
		25% of 3.15%
<b>Cost of Reserve</b>	-0.04%	-0.01%
<b>SBA Guarantee Fee</b>		-0.38%
<b>Expected Yield</b>	3.81%	5.83%
<b>Basis Point Advantage</b>		201.752

### LENDER AWARDS CONTINUED FROM PAGE 1

A new category of lender award was added this year to recognize banks that have excelled in their lending to inner city businesses. The Inner City Leadership Award for largest loan volume to inner city businesses went to Wells Fargo of Minneapolis, Minnesota. Pacific City Bank of Los Angeles, California, won the Inner City Leadership Award for highest percentage of inner city loans to SBA portfolio.

The honorees are:

**Large 7(a) Loan Lender of the Year** - Ms. Min Jung Kim, President and Chief Executive Officer, Nara Bank and Nara

Bancorp, 3731 Wilshire Blvd. Suite 1000, Los Angeles, California 90010, (213) 427-6350.

**Small 7(a) Lender of the Year** - TIM ROMANO, PRESIDENT, FIRST NATIONAL BANK OF ARIZONA, NATIONAL ASSOCIATION, 17600 N PERIMETER DR., SCOTTSDALE, ARIZONA, 85255, 480-458-3031.

**Large 504 Lender of the Year** - Steve Suite, Chief Administrative Officer, Mountain West Small Business Finance, 2595 East 3300 South, Salt Lake City, UT 84109, (801) 412-3772.

**Small 504 Lender of the**

**Year** - Maria Gooch-Smith, Executive Director, South Eastern Economic Development Corporation, 80 Dean Street, Taunton, Massachusetts 02780, 508-822-1020.

**Export Lender of the Year Award** - Mark Edwards, President SBA Group, BB&T, 5901-C Peachtree Dunwoody Road, NE, Atlanta, GA 30328, (770) 901-3284.

**Award to Domestic Bank doing the most domestic loans to exporters** - Larry Conley, Senior Vice President, JP

Morgan Chase Bank, 811 Rusk Street, 18<sup>th</sup> Floor, Houston, TX 77002, (713) 483-1043.

**Leadership in Inner City Lending Awards** - Tom Burke, Executive Vice President, Wells Fargo, 1455 West Lake Street, Suite 306, N9388-030, Minneapolis, MN 55408, 612-667-2753.

Jung Chan Chang, President & Chief Executive Officer, Pacific City Bank, 3701 Wilshire Blvd., Suite 402, Los Angeles, CA 90010, (213) 210-2010.

## 2008 Oklahoma Small Business Award Winners



**2008 Small Business Person of the Year**  
Marilyn Ihloff,  
Ihloff Salon & Day Spa



**2008 Home-Based Small Business Champion**  
Randy Clay,  
Randy Clay Companies



**2008 Women in Business Champion**  
Cari Marshall,  
L&M Office Furniture



**2008 Financial Services Champion**  
Ted A. Cundiff,  
Spirit Bank



**2008 Minority Small Business Champion**  
Ken Talley,  
Oklahoma Department of Commerce



**2008 Small Business Journalist**  
D. Ray Tuttle,  
Tulsa Business Journal



**2008 Jeffrey Butland Family-Owned Business of the Year**

The Brox Family,  
Brox Industries, LLC

## 2008 Small Business Development Center Service Excellence and Innovation Centers of the Year

**State and Region VI Winner:**  
**University of Central Oklahoma SBDC**  
Susan Urbach, Director

**State Winner:**  
**Rose State College SBDC**  
Michael Cure, Director



Carlos Amaya, Susan Urbach & Larry Siebert



Mike Cure

## MALCO8 Mid America's Lenders Conference Region VI

August 11-13 San Antonio, Texas—<http://malc-conference.com/>

**EARLY BIRD RATE OF \$425.00 ENDS MAY 30**

The Conference will be held at the Grand Hyatt San Antonio.

The conference rate of \$189/night is a significant savings over their standard \$419/night rate.

A Golf Event will be held on Aug. 11 hosted by the Central Texas Association of Government Guaranteed Lenders.

For more information about the conference, please call Mary Peters at 210-458-2450 or email at [mary.peters@utsa.edu](mailto:mary.peters@utsa.edu).

## Top 10 Oklahoma SBA Loans in April

2008/04/24	CHROME CITY COLLEGE	TULSA	\$2,000,000.00	TEDC
2008/04/08	ANDERSON TRAVEL PLAZA	OKLAHOMA CITY	\$1,233,400.00	FIRST NATIONAL BANK OF ARIZONA
2008/04/08	HORIZON WELL LOGGING	TULSA	\$1,130,000.00	BANCFIRST
2008/04/15	ADA AMBULATORY SURGERY CENTER	ADA	\$802,000.00	REI, Inc.
2008/04/07	JA OIL FIELD MANUFACTURING INC	OKLAHOMA CITY	\$763,000.00	REI, Inc.
2008/04/17	ICES CORPORATION	CLEVELAND	\$750,000.00	ONB BANK AND TRUST COMPANY
2008/04/09	ANDERSON TRAVEL PLAZA	CHOCTAW	\$575,000.00	TEDC
2008/04/28	TULSA PLASTIC SURGERY PC	TULSA	\$567,000.00	TEDC
2008/04/11	WESTOAK INDUSTRIES INC	ERICK	\$550,000.00	BANCFIRST
2008/04/23	CLICK'S STEAKHOUSE	PAWNEE	\$525,000.00	SECURITY BANK

## OKLAHOMA TOP 10 SBA LENDERS & CDCs THROUGH APRIL - FY 08

### Top volume lenders by number of loans

1	BancFirst	66 loans	\$19,191,200
2	JP Morgan Chase Bank, N.A.	44 loans	\$1,960,100
3	Innovative Bank	36 loans	\$795,000
4	Arvest Bank	20 loans	\$3,796,800
5	ONB Bank & Trust Company	16 loans	\$5,715,300
6	Business Loan Center, LLC	13 loans	\$495,000
7	Borrego Springs Bank, N.A.	12 loans	\$405,000
8	Bank of America, N.A.	10 loans	\$163,500
9	Arkansas Valley State Bank	9 loans	\$1,103,600
10	MidFirst Bank	7 loans	\$1,153,600

### Top volume CDCs by number of loans

1	Tulsa Economic Development Corp.	17 loans	\$8,644,000
2	Rural Enterprises of Oklahoma, Inc.	15 loans	\$8,824,000
3	Small Business Capital Corp.	15 loans	\$7,728,000
4	Metro Area Development Corporation	6 loans	\$5,868,000

### Top volume lenders by dollar value of loans

1	BancFirst	66 loans	\$19,191,200
2	ONB Bank & Trust Company	16 loans	\$5,715,300
3	CIT Small Business Lending Corp.	6 loans	\$5,031,800
4	Arvest Bank	20 loans	\$3,796,800
5	First American Bank, Purcell	5 loans	\$3,715,750
6	Security Bank	4 loans	\$2,514,460
7	JP Morgan Chase Bank, N.A.	44 loans	\$1,960,100
8	Beach Business Bank	1 loan	\$1,930,000
9	Unity Bank	1 loan	\$1,600,000
10	Bank of Oklahoma, N.A.	4 loans	\$1,520,875

### Top volume CDCs by dollar value of loans

1	Rural Enterprises of Oklahoma, Inc.	15 loans	\$8,824,000
2	Tulsa Economic Development Corp.	17 loans	\$8,644,000
3	Small Business Capital Corp.	15 loans	\$7,728,000
4	Metro Area Development Corporation	6 loans	\$5,868,000

## Top 10 Counties for SBA Lending

Oct 1, 2007—April 30, 2008

1. OKLAHOMA  
108 loans, \$31,193,600.00
2. TULSA  
127 loans, \$29,021,959.00
3. LEFLORE  
3 loans, \$21,352,600.00
4. DELAWARE  
4 loans, \$19,685,000.00
5. CLEVELAND  
31 loans, \$3,716,300.00
6. BECKHAM  
5 loans, \$2,674,775.00
7. PONTOTOC  
8 loans, \$2,555,900.00
8. COMANCHE  
7 loans, \$2,270,300.00
9. GARVIN  
3 loans, \$2,051,500.00
10. PAWNEE  
5 loans, \$1,992,500.00