

Region 7 News

Spring/Summer 2009

MILLS LEADING THE SBA

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KAREN MILLS

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



Your Small Business Resource

Karen Gordon Mills, SBA's new Administrator was sworn in April 6, 2009, as the 23rd Administrator of the U.S. Small Business Administration. She was appointed by President Barack Obama and confirmed unanimously by the Senate.

In testimony on April 1 before the Senate Committee on Small Business and Entrepreneurship, Mills discussed her hands-on experience managing and helping to grow small businesses.

"I was there on the factory floor in Arkansas and Ohio working to weather the recession of the early '90s," she said. "Those experiences give me a deep understanding of what our small businesses need today to survive this downturn and to prosper in the years ahead. Since then, I have helped grow companies in organic food, and women's media, and spent time in rural Maine

working with our boat builders and composite technology to help them compete throughout the globe.

Mills, of Brunswick, Maine, was president of MMP Group and has a 25-year career of investing in and growing small businesses. In 2007, she

was appointed by Maine Governor John Baldacci as chair of the state's Council on Competitiveness and the Economy, where she focused on attracting investment in rural and regional development initiatives. She also co-authored a Brookings Institute paper on competitive clusters.

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



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

To Businesses Experiencing Hardship:
Administrator Mills announced that ARC loans will be available June 15th to viable, for-profit U.S. small businesses with a with a qualifying small business loan who are experiencing immediate financial hardship. Read the next page!



Up to \$35,000

No Interest

Deferred Payments

100% Guaranteed

America's Recovery Capital Loans



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.

As part of the Recovery Act, SBA will implement the America's Recovery Capital (ARC) loan program on June 15th, to give viable small businesses suffering immediate financial hardship temporary financial relief so they can keep their doors open and get their cash flow back on track.

The ARC program will provide a deferred-payment, no-interest loan of up to \$35,000 for short-term help to make their principal and interest payments on existing, qualifying debt.

SBA Offers Guaranteed "Floor Plan" Loans

As another Recovery Act measure designed to help car and other dealerships, Administrator Karen Mills announced that starting July 1, the SBA will guarantee "floor plan" financing for the vehicles that dealers hold until sale.

The new guarantee category is intended to help dealers of autos, boats, and RVs.

A viable small business is one with a history of good performance that is beginning to struggle with making loan payments, but can reasonably project that it can get back on track with the infusion of ARC loan funds and the benefit of deferred payments.

Qualifying loans/debts eligible for assistance include the following:

- Secured & unsecured conventional loans (mortgages, term and revolving lines of credit);
- Capital leases
- Notes payable to vendors/suppliers/utilities
- Development Company Loan Program (504) first mortgage loans
- Credit card obligations
- Development Company Loan Program (504) first lien loans
- Loans made with an SBA guaranty after February 17, 2009

ARC loans will be made by commercial lenders and carry a 100 percent SBA repayment guarantee. The loans will have no SBA fees. Any existing SBA lenders is eligible to make ARC loans.

Approved ARC loans will disburse funds to be used for payments of principal and interest for up to six months for existing, qualifying small business loans.

Following disbursement, there will be 12 months during which no repayment is required.

Repayment can extend up to five years.

After a 12-month deferral period, the borrower will pay back only the ARC loan principal over a period of up to five years. No repayment of interest is required.

To qualify, your small business must be an established business, have financial statements demonstrating it was profitable in one of the past three years, and be able to project sufficient cash flow to meet current and future loan payments over a two-year period from loan approval. If your business does not meet these criteria, you can discuss your eligibility with your lender.

ARC loans are not designed for start-up businesses.

ARC loans are designed to help businesses experiencing immediate financial hardship for reasons such as:

- Loss/reduction of customer base
- Increase in cost of doing business
- Loss/reduction of working capital and/or loss/reduction of short term credit facilities

-Inability to restructure existing debts due to credit restrictions

Loss/reduction of employees (intellectual capital)

-Loss/reduction of major suppliers (major suppliers out of business)

Borrowers whose loans are already severely delinquent or whose past performance or future cash flow indicates that the business is not viable are not good candidates for an ARC loan.

The best candidates for ARC loans are small businesses that are struggling, yet have been making loan payments, or those just beginning to miss loan payments due to financial hardship.

ARC loans are made by commercial lenders who are SBA participants. Non-SBA lenders can easily become SBA participants by working with their nearest SBA district office. Businesses interested in applying for an ARC loan should first contact their current lender.

ARC loans will be offered by some SBA lenders for as long as funding is available or until September 30, 2010, whichever comes first.

Congress Considers More Aid to Entrepreneurs and SB Owners

The U.S. House of Representatives has passed and sent to the U.S. Senate, H.R. 2352, [the Job Creation through Entrepreneurship Act of 2009](#). The legislation is designed to assist small business owners or aspiring entrepreneurs in accessing finance, training and education.

The bill passed as part of a larger measure, H.R. 1807, The Educating Entrepreneurs through Today's Technology Act of 2009, with overwhelming bipartisan support.

If passed by the Senate, it will enhance the SBA's entrepreneurial development programs. The legislation expands SBA

programs, such as Small Business Development Centers, Women's Business Centers and the Service Corps of Retired Executives (SCORE). It creates new online learning programs and establishes grant programs to assist small firms in securing capital and credit and allows third-party vendors to distribute and conduct distance learning throughout the United States.

The legislation also create under the SBA for the first time, a nationwide network of Veterans Business Centers to provide specialized entrepreneurial training and counseling to veterans. It estab-

lishes within the SBA an Associate Administrator for Native American Affairs and the Office of Native American Affairs, which will develop and increase Native American entrepreneurship, business training, and access to capital and federal small business contracts.

Clara Pratte, who most recently worked as a policy analyst and legislative liaison for the Navajo Nation, will help ensure that American Indians, Alaska Natives and Hawaii Natives have access to entrepreneurial, lending and procurement tools as the new Associate Administrator. SBA Administrator Karen Mills

named her to the post during the last week of May.

The bill now rests in the Senate Small Business and Entrepreneurship committee. Congress will consider these and other ideas as they work to reauthorize the SBA.

Bill supporters noted that for each dollar spent on a successful entrepreneurship program, \$2.87 is returned to the Treasury.



Des Moines e200 Initiative Participants Selected

SBA's *Emerging 200* Initiative in Des Moines, Iowa has named its e200 program participants for 2009. They will begin classes in June.

These inner city businesses, known to show potential for growth, begin a study plan in June to develop a growth strategy and share their challenges.

Participating are: Dan McCoy, ABC Metals & Recycling; Dominic Ellis, American Awards, Inc.; Steve Beckley, Beckley Automotive Service; Betty Andrews, Betty Andrews Media; Steve Ferguson, Breiholz Construction Co.; Brian Hemesath, Cathwind; Scott Carlson, Court Ave Restaurant Brewing Co; Steven Smith Gcommerce; Brian Griffin,

Griffin Transfer & Storage; Mar Ann Amundson, Holm Graphic Services, Inc., John Mclhon, Image Solutions; Gary Scrutchfield, Lumbermans Wholesale Co.; Randy Forgurter MBS-Midwest Business Solutions, Inc.; Kelly Sargeant, Media Management dba/ Brainstorm Marketing; Aaron Lerberg, Midwest Mobility Solutions; Michelle

Taylor-Frazier, Multicultural Education Exhibits & Programs; Verlene Vanderpool, Noodle Zoo; Tom Halterman, Outcomes Pharmaceutical HealthCare, LC; Irwin Zuckerman, Park Ave Laundry Services, Inc., and Debra Seibert, Seibert Trucking, Inc.

It takes an office: SBA Branch Employees Honored by Federal Peers in Iowa



Cedar Rapids' "Group of Six" members honored are (left to right : Diane Bieber, Carolyn Tonn, Dee Ann Glover, Sheri Osterkamp, Keith McBride, and Barbara Merz.

The staff members of the Cedar Rapids Branch Office of the SBA were honored with a "**Group of 6**" award by Federal Executive Council of Central Iowa for their outstanding federal service in the last year.

The honor was presented by the Council to recognize the staff's

efforts during the flood disaster recovery in June and July 2008 at the Disaster Recovery Center at Westdale Mall in Cedar Rapids.

The staff received their peer recognition publicly on May 12th at the FECCI awards luncheon at the Des Moines Civic Center.

This staff of six responded in the highest manner to the challenges that confronted them when Cedar Rapids became ground zero for the June 2008 floods, and the SBA assumed the role of leader in the federal effort at recovery," said Branch Manager Dennis Larkin.



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New 7(a) Alternative Size Standards

Effective May 5, 2009, the SBA implemented a new alternative size standard for 7(a) loans on a temporary basis, expiring September 30, 2010.

Temporarily applying an alternative standard provides an effective mechanism to extend financial assistance to small businesses that cannot obtain loans in the current economic environment.

Businesses Who Take ARRA's Energy-Saving Steps This Year May Get Bigger Tax Savings Next Year

The recently enacted American Recovery and Reinvestment Act (ARRA) of 2009 contained a number of either new or expanded tax benefits on expenditures to reduce energy use or create new energy sources. The Internal Revenue Service says many energy-saving steps taken this year may result in bigger tax savings next year. The IRS encourages businesses to explore whether they are eligible for any of the new energy tax provisions. An IRS [Fact Sheet](#) on Energy Provisions of the American Recovery and Reinvestment Act of 2009 may be read at:

<http://www.irs.gov/newsroom/article/0,,id=206871,00.html>