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Special Points of Interest

- Changes to SBA 504 Loan Program
- SBA Recovery Efforts Impact to Date

SMALL BUSINESSES CAN APPLY FOR ARC LOANS JUNE 15

WASHINGTON – Starting June 15, SBA will begin accepting loans for a temporary new program called America’s Recovery Capital. “ARC” loans of up to \$35,000 are designed to provide a “bridge” for viable small businesses with immediate financial hardship – to keep their doors open until they get back on track.

“These ARC loans are another tool in the SBA toolkit which will provide critical support to small businesses struggling to make it through these tough economic times,” said Administrator Karen G. Mills.

ARC loans are deferred-payment loans of up to \$35,000, available to es-

tablished, viable, for-profit small businesses that need short-term help to make their principal and interest payments on existing and qualifying business debt. ARC loans are 100 percent guaranteed by the SBA and have no SBA fees associated with them.

ARC loans will be disbursed over a period of up to six months and will provide funds to be used for payments of principal and interest for existing, qualifying small business debt, including mortgages, term and revolving lines of credit, capital leases, credit card obligations and notes payable to vendors, suppliers, and utilities. SBA will pay the interest on ARC

loans to the lenders at the variable rate of Prime plus two percent.

Repayment will not begin until 12 months after the final disbursement. After the 12-month deferral period, borrowers will pay back the loan principal over a period of five years. ARC loans will be made by commercial lenders, not SBA directly. For more information on ARC loans, visit www.sba.gov

For more information about all of the SBA’s programs for small businesses, call the SBA Answer Desk at 1-800 U ASK SBA or TDD 704-344-6640, or visit the SBA’s Web site at <http://www.sba.gov>.

NANCY PORZIO TO OUTLINE AGENCY RECOVERY BILL PLANS AT PRESS EVENT AT SILVER LAKE ACE HARDWARE ON JUNE 25

Acting Regional Administrator, Nancy Porzio will outline the SBA’s new programs provided by the recently-enacted Recovery and Reinvestment Act (Stimulus Act) to participants at Silver Lake Hardware. “The Act will have a significant impact on small businesses and on the

credit crunch, providing tax incentives and financing opportunities that will help them create jobs,” Nancy said. “As each of the portions of the Act is implemented by the SBA, more help from lenders participating with the SBA will be



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



Your Small Business Resource

SBA AND PARTNER NEWS

CHANGES TO SBA 504 LOAN PROGRAM WILL ALLOW BUSINESSES TO REFINANCE EXISTING DEBT, EXPAND, CREATE NEW JOBS

Small businesses seeking to expand will be able to refinance existing loans used to purchase real estate and other fixed assets as a result of permanent changes to the SBA's 504 CDC loan program. The changes were authorized in the ARRA. The changes will 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.

Changes announced include:

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% 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. Some eligible conditions include:

- 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 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.

The 504 loan program is administered through 271 Certified Development Companies across the nation. SBA began implementation of the changes by publishing them as a permanent rule in the Federal Register. For more information on the 504 loan program and eligibility requirements, go to www.recovery.gov or www.sba.gov/recovery

SUZANNE TESSARO, CCD RETIRES



Deputy Director, Suzanne Tessaro has been with CCD since 1998. Her business planning experience in non-profit, private and highly regulated industries exceeds 30 years. Suzanne's expertise was invaluable in establishing the first SBA's Women's Business Center in Seattle. She has been Jim Thomas' (Director) 'right-hand' in executing CCD's mission. She has truly been CCD's greatest asset. Thank you Suzanne for your unwavering commitment to the SBA programs – we at the Seattle District Office wish you well on your retirement journey.

Seattle District Office Staff

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PORZIO VISITS ARC LOAN RECIPIENT

available." This event will also feature Gary Skrla, owner of Silver Lake Ace Hardware (and recipient of a Recovery Act Loan), Lisa Forrest, Fortune Bank (Who made the Recovery Act loan), and representatives from Congressman Larsen's office and Mayor Stephanson's office. The Act provides the SBA with specific tools to make it easier and less expensive for small businesses to get loans. It provides lenders with new incentives to make more small business loans and to the secondary market to unfreeze it and boost liquidity in U.S. credit markets.

FINANCIAL WATCH: LENDER NEWS AND REVIEWS

The SBA received \$730 million in the Recovery Act, primarily focused on helping unlock the small business lending market and get much needed capital flowing again to America's small businesses.

SBA Recovery Efforts Impact to Date:

As of June 15, SBA has implemented more than \$645 million of the \$730 million funding.

- **Loan volume has increased more than 35 percent** as of June 12, SBA approved \$3.7 billion in Recovery loans, and supported nearly \$5 billion in lending to small businesses. Since the signing of ARRA, weekly loan dollar volume has risen more than 35 percent in the 7(a) and 504 programs, compared to the weekly average before ARRA's passage.
- **More lenders making loans:** from Feb 17 to June 12— 554 lenders that had not made a loan since October 2008 made 7(a) loans. Of those, 262 had not made a loans since at least 2007.
- **Broad support to small businesses:** A significant share of loans supported by Recovery Act funding has gone to rural (25%), minority-owned (21%), women-owned (19%), and veteran-owned (9%) businesses.

For more information on SBA Recovery efforts, go to: www.sba.gov/recovery

LEADING SEATTLE DISTRICT OFFICE 7(A) LENDERS THRU MAY 31, FY 2009 (18 PLUS LOANS)

US Bank NA	162	\$14,352,600
Mountain West Bank, Idaho	75	\$13,033,100
Wells Fargo, NA	53	\$13,089,300
Numerica CU	46	\$1,574,400
Keybank NA	42	\$7,242,600
Fortune Bank	28	\$15,999,300
Panhandle State Bank	26	\$2,847,200
Heritage Bank	21	\$7,056,000
Superior Financial Group, LLC	20	\$175,000
Americanwest Bank	18	\$4,795,100
Additional 61 lenders with 17 or fewer loans	273	\$79,472,670

TOTAL 7(a) Lending Activity

764 Loans \$159,637,270

504 LOANS BY CDCs THRU APRIL 31, FY 2009

Evergreen Business Capital	34	\$20,196,000
Northwest Business Development Assoc	25	\$17,247,000
Ameritrust CDC	17	\$7,661,000
Capital Matrix, Inc.	4	\$872,000
Panhandle Area Council, Inc.	1	\$309,000

TOTAL 504 Lending Activity

81 Loans \$46,285,000

UPCOMING EVENTS

How to Tank a Business Without Trying Too Hard

Thursday, July 23—8:30 to 10 AM Seattle SBA Education & Training Center

Register: workshops@sba.gov (type July 23 in subject line) or 206-553-7064 FREE

One third of new businesses tank within the first two years of startup and another third tank by the seventh year of operations. Why?

- What is it business owners do, or don't do, that contributes to their fast downfall?
- What don't they intuitively understand that affects business longevity?
- What risky activities send otherwise promising businesses to an early grave?
- And, just what should business owners really focus on during their 24 months of operations that can set them up for a prosperous future?

Susan Schreter, an MBA level university educator in entrepreneurship who specializes in issues that affect enterprise viability and small business closures, will share her insights about how to purge the most destructive aspects of entrepreneurial thinking from startup business operations.

SBA Loan Briefings

FREE Loan Briefings held in Seattle, Spokane and Tacoma for small business owners interested in SBA financing opportunities.

Seattle	2nd & 4th Thursday/ea month SBA Education & Training Center	Noon—1pm Register: 206-553-2664
Spokane	1st & 3rd Thursday/ea month SBA Training Room	Noon—1pm Register: 509-353-2800
Tacoma	3rd Thursday ea/month Tacoma Business Center	Noon—1pm Register: 253-680-7700
Readytalk	Every Thursday 1-866-740-1260 / Access Code 3109402 / www.readytalk.com	Noon-1pm

Washington Small Business Fair

Saturday, Sept 12— 8 AM to 3:30 PM Renton Technical College

Register: www.bizfair.org FREE

Think Ahead ... we are in a tough economic climate and if you are thinking about launching a new business, growing a current one, or struggling to keep your doors open—this day is for you.

Be Resourceful ... your best resources are all in one place. Connect with 30 federal, state and local government agencies, and business and trade associations.

Survive and Thrive ... attend workshops on a wide variety of topics to help you get back to the basics and focus on the bottom line. Workshops are taught by business experts and small business owners

*Upcoming Workshops at the SBA
Seattle Office*

7/1	Choosing & Evaluating Franchise Options (SCORE)
7/9	Small Business Taxes & Bookkeeping (IRS)
7/23	Small Business Taxes & Bookkeeping (IRS)
7/31	Drive Traffic to Your Website (SCORE)
8/5	Starting Your Own Business (SCORE)
8/12	Building A Business Plan (SCORE)

SCORE Workshops 206-553-7321

IRS Workshops 206-553-2664

This newsletter is a publication of the U.S. SBA, Seattle District Office.

Please feel free to forward a copy to anyone you believe would like to receive it. To be put on or taken off the e-mail list, or for any other questions, suggestions or comments regarding content, please contact Carol Andersen at 206-553-7315, or by e-mail at carol.andersen@sba.gov

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