

SBA News and Views is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

Serving America's Small Businesses

U.S. Small Business Administration Wisconsin District Office

Eric Ness, District Director
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SBA Home Page
<http://www.sba.gov>

Wisconsin SBA Home Page
<http://www.sba.gov/wi>

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Small Business Disaster Preparedness Guide

The U.S. Small Business Administration and Nationwide Mutual Insurance Company have teamed up to launch a disaster-planning guide for small business owners. SBA Deputy Administrator Jovita Carranza and Nationwide Associate Vice President for Safety Bill Windsor made the announcement on December 4, 2007 during an event at the National Press Club.

The 10-page guide provides information business owners need to develop an effective plan to protect customers and employees in the event of a disaster. The guide provides key disaster preparedness strategies to help small businesses identify potential hazards, create plans to remain in operation if the office is unusable, and understand the limitations of their insurance coverage.

“The most successful recovery efforts are always preceded by good planning,” said Carranza. “The more preparation that businesses complete before a disaster, the better able they are to rebuild and reopen quickly after a disaster.

“Disasters can have a devastating impact on small businesses,” said Windsor. “How quickly those businesses can get up and running after a disaster can have a significant impact on a community’s ability to recover. Understanding this, the SBA and Nationwide have created

this guide to help business owners get their arms around the disaster planning process, and convince them to mitigate their risk.”

Hard copies of the guide will be distributed by SBA field offices, its resource partners around the country and disaster field offices. Nationwide will make additional copies available to its agents for distribution. An electronic version of the guide will be available online at:
www.sba.gov/services/disasterassistance/disasterpreparedness/index.html

and at
www.nationwide.com/disaster-planning-recovery.jsp

Nationwide, based in Columbus, Ohio, is one of the largest diversified insurance and financial services organizations in the world, with more than \$160 billion in assets. Nationwide ranks #104 on the *Fortune 500* list. The company provides a full range of insurance and financial services, including auto, motorcycle, boat, homeowners, life, farm, commercial insurance, administrative services, annuities, mortgages, mutual funds, pensions, long-term savings plans and health and productivity services. For more information, visit
www.nationwide.com/disaster-planning-recovery.jsp.

The SBA is the federal government’s primary post-disaster economic recovery agency. Homeowners may borrow at favorable rates up to \$200,000 to repair or replace damaged real estate. Individuals may borrow up to \$40,000 to cover losses to personal property.

Non-farm businesses and non-profit organizations of any size may apply for up to \$1.5 million to repair or replace disaster damaged businesses assets and real property. Small businesses that suffered economic losses as a direct result of the declared disaster may apply for a working capital loan of up to \$1.5 million. To learn more about the SBA's disaster assistance program, visit the Web site at www.sba.gov/services/disasterassistance/index.html.

SBA at 2007 Business Expo Mix Matcher

Business Development Specialist, Cheryl Jordan represented SBA at the 2007 Business Expo Mix Matcher that was held at the Italian Community Center in Milwaukee on November 28th.

This event was presented by the Milwaukee County Board of Community Business Development Partners to help disadvantaged business enterprises in obtaining contracting opportunities with contractors, consultants and vendors used by Milwaukee County. The event featured networking with potential customers in both the public and private sectors.

Calendar Year 2008 Schedule of 1502 Report & Payment due Dates for 7(a) Loans

Paragraph 6 of SBA Form 1086, states that payments are due at the Fiscal and Transfer Agent (FTA) on the third **calendar** day of the month or the next business day if the third is not a business day. The SBA allows a grace period of two business days after the due date. If FTA receives a regularly scheduled payment after the expiration of the grace period, a Late Penalty is assessed (subject to a maximum of \$5,000.00). Paragraph 6© of SBA Form 1086 describes the components of the Late Penalty.

Lenders are billed for Late Penalties at the end of each month. Late Penalties are due to Colson (FTA) with the Lender's next monthly remittance.

Below is a schedule of **final** due dates that includes the grace period of two business days for regularly scheduled payments. Payments received after the final due date will be subject to the Late Penalty.

	2008
January	7
February	6
March	5
April	7
May	7
June	5
July	8
August	6
September	5
October	7
November	5
December	5

Questions regarding this notice may be directed to Jihoon Kim at 202-205-6024. Questions concerning specific Late Penalties hat have been charged to lenders should be directed to Larry Packer of Colson Services at 718-242-6657 or e-mail at PACKERL@COLSONSERVICES.COM

Background on SBA's Lender Oversight Program

HISTORY

The SBA-backed lending is a \$66.7 billion dollar industry with nearly 5,000 lenders and Certified Development Companies (CDCs). About 650 lenders are in its Preferred Lender Program (PLP). As such, SBA takes its lender oversight responsibility very seriously. There are a variety of ways in which it performs this duty.

To mitigate losses from a lender's under-performing loan portfolio, SBA has the authority to reduce the time between renewals of delegated lending authority. It has the ability to conduct frequent on-site reviews, work with the lender's management

to resolve portfolio deficiencies, and establish a corrective action plan that can include quarterly or even monthly reporting. In addition, a wide range of data is collected that provides SBA with continual updates on the lender's progress. These practices allow lenders to improve loan portfolio performance while continuing to serve the small business community.

The challenge SBA faces when deciding what corrective measures to take against under-performing lenders is to balance implementation of appropriate safeguards to protect taxpayers without imposing excessive regulations that will not unnecessarily impede the flow of capital to underserved small businesses through the program.

LENDER OVERSIGHT REFORMS

In 2003, a Government Accountability Office (GAO) report noted that SBA made progress in developing its lender oversight program, but more effective oversight was necessary, particularly of preferred lenders. Specifically, SBA needed to improve access to lenders' decisions on borrowers' credit worthiness and eligibility, and the impact of lenders' decisions regarding risk posed to SBA.

As a result of the GAO report, SBA has taken several steps to improve lender oversight. New reforms include:

- Implementing a comprehensive off-site monitoring program featuring sophisticated risk rating measurements developed by a nationally-recognized provider of commercial credit scoring solutions;
- Instituting a risk-based on-site review/examination program that includes qualitative analysis of a lender's credit administration, SBA operations management, and loan portfolio performance data;

- Drafting proposed lender oversight and enforcement regulations; and
- Developing a coordinated and more independent supervision and enforcement process.

The agency has submitted a proposed rule for public comment that would implement these steps in federal regulations. This rule also further establishes the roles and responsibilities of the Office of Credit Risk Management. In addition, it applies more comprehensive oversight regulations to 7(a) lenders, CDCs and Microloan Intermediaries that currently have limited or no regulatory oversight by other federal regulatory agencies.

In addition to general oversight responsibilities, SBA is considering how to reduce the risk of fraud in its loan programs. The agency is cooperating with its lending partners to ensure they have appropriate policies and procedures to identify and prevent fraudulent activity. It is also working to identify irregularities in lenders' portfolios and to bring them to the attention of SBA's Office of Inspector General (OIG). SBA relies on SBA's OIG and the Justice Department's experts in fraud to investigate and prosecute fraud related activities. While processes and policies are in place to deal with these issues, SBA is considering using other analytical tools to facilitate fraud detection.

LENDER OVERSIGHT FEES

SBA is sensitive to the regulatory burdens placed on businesses and tries to minimize fees as much as possible.

However, these fees allow SBA to perform on-site risk management on lenders and their 7(a) loan portfolios in order to protect taxpayers. Since SBA is the only regulator of Small Business Lending Companies, there are no other government safeguards or regulatory burdens for these lenders. For financial institutions

regulated by banking regulators, SBA's fees are minimal compared to fees charged by other banking examiners. In fact, many lenders pay no fee, depending on the size of their portfolio.

SBA has made significant progress to improve and increase oversight on its guaranteed loan portfolio. That oversight has enhanced SBA's portfolio strength, which has reduced costs to borrowers and increased the agency's ability to reach small businesses. SBA looks forward to bettering its lender oversight program and assisting its lenders and the nation's small businesses.

SBA Speaks at Youth Center

On December 1, SBA's Business Development Specialist, Linda Krysiak spoke about small business programs at the Destiny Youth Center in Milwaukee. The program was entitled "Bridging the Gap to Small Business Success" and was about selling to the Government.

Linda presented SBA's programs that deal with selling to the Government.

Tax Talk Program

The 2008 filing season is right around the corner. The IRS's January Tax Talk Today (TTT) program, "Getting Ready for the Filing Season 2008: Part 2 (Businesses)", on Tuesday, January 8, 2008 at 2 p.m., will give tax professionals, their clients, and small business owners a head start.

This annual program picks up where the December program ended ("Getting Ready for the Filing Season 2008: Part 1 (Individuals)"). The show's panel of experts will discuss business tax return issues for small businesses and self-employed taxpayers, recent tax law changes and updates for the 2007 tax year, IRS regulations, business credits, common errors, and processing

issues which impact filing business returns for the 2007 tax year. Sponsored by the IRS, Tax Talk Today is a free, live monthly interactive Web cast aimed at educating tax professionals and their business clients on the most contemporary and complex tax issues. They are encouraged to watch and submit questions. Tax professionals in need of continuing education credits (CECs) are eligible to receive one CEC by viewing the January 8th Webcast. Click on Continuing Education at the TTT Web site for more information.

The one-hour live programs begin at 2 p.m. EST on the second Tuesday of each month except April and August. In addition to viewing live Webcasts and archived programs, listening to audio podcasts and reading show transcripts, subscribers can order audio and video recordings from the Tax Talk Today web site.

To access the Webcast at no charge, viewers can register online at www.TaxTalkToday.tv. Tax Talk Today can be viewed with Windows Media Player and Real Player. Both players are free software that may already be installed on your computer. If not, click the link for [Installing System Software to view Internet Broadcast](#) under "How to View."

If you missed the program, the December 11 Webcast is accessible for viewing via archive for 12 months at Tax Talk Today. A transcript of the show is also available, as well as an audio podcast. For more information on future programs go to the TTT web site and select [Upcoming Programs](#). To learn about the availability of IRS products and services, subscribe to IRS's e-News for Small Businesses. To see a representative sample and to start a free subscription to e-News, just go to IRS.gov at www.irs.gov/businesses/small/content/0,,id=154826,00.html, type in your e-mail address and submit.

Most Requested Items on SBA Website

To better serve you, we have compiled a short list of topics that are among the most requested on our site. For a complete list of most requested topics, visit our [FAQ](#) section.

1. [How do I get a small business loan?](#)
2. [How do I get a small business grant?](#)
3. [How do I get started in a business?](#)
4. [How do I get a business license?](#)
5. [How do I get a tax identification number?](#)
6. [What type of collateral do I need for a loan?](#)
7. [Is there any business assistance available in my area?](#)
8. [What classifies a business as "small"?](#)
9. [How can I get my business certified as a woman or minority owned?](#)
10. [What type of interest rate, terms and fees does the SBA require on its Guaranty Loan Program?](#)
11. [How do I find an investor for my business?](#)
12. [What is CCR and SUB-Net?](#)
13. [I'm interested in exporting. What is the process ?](#)
14. [I'm in the National Guard and was called up for active duty. Can you help me?](#)

SCORE Corner

Volunteers Wanted

SCORE – Service Corps of Retired Executives, counselors to America’s Small Businesses, needs additional experienced businessmen and women. SCORE, working through the Small Business Administration, counsels people who wish to start a business and people with existing businesses who need help. SCORE also offers a Small Business Workshop that teaches business fundamentals needed for business startup. Retired persons will find this a very interesting and rewarding volunteer experience.

For more information, call (414) 297-3942 or send your resume to:

SCORE
 Attn: Membership Chairperson
 310 W. Wisconsin Avenue
 Suite 425
 Milwaukee, WI 53203

Editor’s Notes

TRAINING CALENDAR

Be sure to visit <http://web.sba.gov/calendar/public/index.cfm?op=group&grp=73> for business training opportunities offered by SBA, SCORE, Small Business Development Centers, Women Business Centers, Procurement Assistance Centers and the Wisconsin Procurement Institute.

This site will become your first stop when looking for training sessions, conferences and seminars at the federal level but will also include state, local and private activities when they pertain to small business improvement.

SBA November 2007 Loans

Link to November Approvals:
www.sba.gov/idc/groups/public/documents/wi_milwaukee/nov07approvals.pdf

SBA November 2007 Micro-Loans

- Lincoln Neighborhood Redevelopment Corp.**
 1 Loan for \$15,000
- Northeast Entrepreneur Fund, Inc.**
 1 Loan for \$11,487
- Wisconsin Women’s Business Initiative Corporation**
 1 Loan for \$15,000



Happy Holidays