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100 DAYS AFTER THE RECOVERY ACT

BY: WISCONSIN SBA DISTRICT DIRECTOR, ERIC NESS

It's been a little more than 100 days since the President signed the American Recovery and Reinvestment Act (Recovery Act). In that time the U.S. Small Business Administration (SBA) has implemented new programs to get credit flowing again and has several more on the way that will help small businesses weather this economic storm, and ultimately continue to grow and create jobs.

First and foremost, we enhanced our top two loan programs —7(a) and 504 — which have so far resulted in \$4.3 billion in new loans for small businesses. The SBA temporarily eliminated fees for borrowers on its 7(a) loans and for both borrowers and lenders on its 504 loans. The SBA also, temporarily, raised the guarantee on most of its 7(a) loans to as much as 90 percent, up from 75-85 percent. In this short time, there has been a 30 percent increase in average weekly loan dollar volume compared to the weekly average before the passage of the Recovery Act.

June 15, SBA launched the America's Recovery Capital — ARC — loan program. The ARC loans will provide a "bridge" for many small businesses to the better economic times ahead.

This program provides loans of up to \$35,000 to viable, but struggling small businesses to help them make debt payments. ARC loans are interest free to the borrower, deferred repayment loans, which are 100 percent guaranteed by the SBA. The SBA makes the interest payments to the bank.

With the launch of ARC loans, SBA has not put in place programs implementing 88 percent of the \$730 million provided to the agency by the Recovery Act.

America's small businesses are the key to our nations' economic recovery. The SBA is using every tool in our toolbox— and creating new ones when necessary — to help small businesses lead us out of these tough economic times.

SBA OFFERS FLOOR PLAN FINANCING

The U.S. Small Business Administration will offer government guaranteed loans to finance inventory for eligible auto, recreational vehicle, boat and other dealerships under a new pilot program.

Dealer Floor Plan (DFP) financing will be available beginning July 1 according to SBA Administrator Karen Mills. She announced the new program during a visit to Kokomo, Ind., with Dr. Ed Montgomery, President Barack Obama's Director of Recovery for Auto Communities and Workers.

Floor plan financing is a line of credit that allows dealers to borrow against their inventory and then repay that debt as they sell their inventory or borrow against the line of credit again to add new inventory.

Under the DFP pilot program, the SBA will provide loan guarantees for lines of credit through its 7(a) program. DFP loans will be made through SBA lenders only for titled inventory, including autos, RVs, manufactured homes, boats and motorcycles. The pilot program will begin July 1 and will be available through September 30, 2010 at which time, SBA will make the determination of whether or not to extend the program.

DFP loans will be available for a minimum of \$500,000 up to the \$2 million allowable under the 7(a) program. With a maximum repayment term of five years, the loans will come with a 75 percent government guarantee. Borrowers will also benefit from the temporary elimination of fees on 7(a) loans made possible by the America's Recovery and Reinvestment Act of 2009.

For more information visit <http://www.sba.gov/floorplanfinancing/index.html>.

SBA 504 LOAN PROGRAM TO 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 U.S. Small Business Administration's 504 Certified Development Company loan program. The changes were authorized in the American Recovery and Reinvestment Act of 2009.

The permanent 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.

The 504 program's refinancing changes are the latest in several Recovery Act provisions that have been implemented by the SBA in recent weeks. On March 16, 2009 the agency temporarily raised the guarantee level to 90 percent on many of its 7(a) program loans and reduced fees on both 7(a) and 504 loans and, doubled to \$5 million the surety bond guarantee level for small businesses competing for construction and service contracts.

Additionally, on June 15, SBA ARC loans became available for viable small businesses facing immediate financial hardship.

SBA began implementation of the changes by publishing them as a permanent rule in the *Federal Register*. The changes announced were:

Debt Financing: 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 percent 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. The following are some of the conditions under which borrowers will be eligible for refinancing:

- 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 of the small business.
- The new financing provides a substantial 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.

For more information on the 504 loan program and eligibility requirements, go to www.recovery.gov or www.sba.gov/recovery.

SUCCESS—A GROUP EFFORT A WOMEN PROCUREMENT CONFERENCE

On June 25th, SBA, UW -Parkside Small Business Development Center, Gateway Technical College (CATI) and Reinhart, Boerner, Van Deuren sc held it's second Women's Procurement Conference at CATI in Sturtevant, WI. The SAGE—Success A Group Effort conference is primarily focused towards women-owned businesses and their ability to obtain federal and commercial contracts.

One-hundred sixteen people participated in the Conference along with several SBA employees.

Workshops were held on Cash Management, Contracting/Procurement, The Recovery Act, Understanding how to Use the Internet as a tool and Central Contracting Registration (CCR). These workshops were invaluable to those who attended.

There were several speakers at the conference. Keynote speaker was Ms. Suellen D. Jeffress, Assistant to the Director, Women-Owned Small Business Program Manager, Office of Small Business Programs, Office of the Secretary of the Army and other speakers were Baly Ambegaoker, President and CEO of IDL Solutions; and Cory Mason III, Director of Global Information Technology at Twin Disc, Inc. Naturally Delicious, a Kenosha woman-owned business, catered the morning refreshment and lunch.

Networking took place throughout the day and the day ended on an exhilarating note with a matchmaking session where women businesses met one-on-one with prospective buying representatives.



SBA'S PATRIOT EXPRESS LOAN INITIATIVE DELIVERS \$315 MILLION TO 3,750 VETS, MILITARY COMMUNITY

In just two year's time, the U.S. Small Business Administration's Patriot Express Pilot Loan Initiative has supported more than \$315 million in loans to more than 3,750 veterans and their spouses who are using the SBA-guaranteed funds to establish and expand their small businesses. As a result of the American Recovery and Reinvestment Act, which raised loan guarantees to 90 percent and eliminated fees temporarily, the number of Patriot Express loans increased to record levels in April and May of 2009.

Patriot Express, launched June 28, 2007, builds on the more than \$1 billion in loans SBA guarantees annually for veteran-owned businesses, and the counseling assistance and procurement support it provides each year to more than 200,000 veterans, service-disabled veterans and Reserve members.

"This commitment to more than 25 million veterans across the country and the thousands returning from the wars in Iraq and Afghanistan, is something we at SBA take seriously," SBA Administrator Karen G. Mills said. "The Patriot Express initiative, in conjunction with other SBA programs, goes directly to the needs of our veterans who want to start, or already have their own businesses. This critical access to capital helps them grow their businesses and creates good paying jobs in their communities."



Patriot Express is a streamlined loan product based on the agency's highly successful SBA Express Program, but with an enhanced guaranty and interest rate. The Patriot Express loan is offered by SBA's network of participating lenders nationwide and features one of SBA's fastest turnaround times for loan approvals. Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of up to 90 percent. The

Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. Local SBA district offices have a listing of Patriot Express lenders in their areas. Details on the initiative can be found at <http://sba.gov/patriotexpress/index.html>. Interest rate maximums for Patriot Express loans are the same as those for regular 7(a) loans: a maximum of Prime + 2.25 percent for maturities under seven years; Prime + 2.75 percent for seven years or more. Interest rates can be higher by two percent for loans of \$25,000 or less; and one percent for loans between \$25,000 and \$50,000.

Patriot Express is available to military community members including veterans, service-disabled veterans, active-duty service members participating in the military's Transition Assistance Program, Reservists and National Guard members, current spouses of any of the above, and the widowed spouse of a service member or veteran who died during service, or of a service-connected disability.

Patriot Express loans have been approved in all 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico and Guam and generally range from \$5,000 to \$375,000 in individual loan amounts. The average loan amount is almost \$85,000. Nearly 15 percent of those loans have gone to military spouses. After loan applications are approved by the bank, they are submitted to SBA for approval. Most applications are approved by SBA within 24 hours.

SBA has veterans' business development officers in district offices in every state and territory able to provide military community members full access to the SBA's range of programs services. There are also eight Veterans Business Outreach Centers located in: Albany, NY; Pittsburgh, PA; Lynn Haven, FLA; Edinburg, Texas; Sacramento, Calif.; St. Louis, Mo.; Boston, Mass; and Flint, Mich.

In addition to district offices, SBA's resource partners, SCORE, Counselors to America's Small Business, Small Business Development Centers, and Women's Business Centers provide local and online assistance with: writing a business plan, financing options to start or grow your business, managing the business, expanding the business and selling goods and services to the government.

For those who are already small business owners and who expect call-up, the SBA and its resource partners have expertise to assist with preparing their businesses before deployment, managing their businesses, selling goods and services to the government, obtaining other SBA financing and financial assistance, and obtaining loans for economic injury—Military Reserve Economic Injury Disaster Loans (MREIDL) - Loans of up to \$2 million are available for small businesses sustaining economic injury because an owner or essential employee has been called to active duty as a military reservist.

The SBA and its Office of Veterans Business Development (OVBD) provides comprehensive assistance, outreach and support to veterans. Each year the SBA assists more than 200,000 veterans, service-disabled veterans and reservists. Go to www.sba.gov/vets.

SBA APRIL—MAY 2009 LOANS

Altra FCU-La Crosse
4 Loans—\$380,000
**American National Bank
Fox Cities—Appleton**
2 Loans—\$477,000
Anchor Bank FSB—Madison
1 Loan—\$145,000
Associated Bank
67 Loans—\$4,577,400
Bank First National-Manitowoc
6 Loans—\$919,500
Bank of Oakfield-Oakfield
1 Loan—\$180,000
Baylake Bank-Sturgeon Bay
1 Loan—\$1,049,000
**BizCapital Bidco II, LLC
New Orleans, LA**
1 Loan—\$900,000
Calumet County Bank-Brillion
1 Loan—\$90,000
Central State Bank-Elkader, IA
1 Loan—\$67,500
Citizens State Bank—Hudson
4 Loans—\$1,050,000
Citizens State Bank of Clayton
1 Loan—\$50,000
**Community Bank & Trust
Sheboygan**
5 Loans—\$886,600
Community First CU-Appleton
3 Loans—\$145,700
**Community State Bank
Union Grove**
2 Loans—\$340,000
**Cornerstone Community Bank
Grafton**
9 Loans—\$1,465,000
Coulee Bank-La Crosse
3 Loans—\$575,000
Covantage Bank-La Crosse
3 Loans—213,000
**Eagle Valley Bank NA
St. Croix Falls**
1 Loan—\$135,000
Evergreen State—Stoughton
2 Loans—282,000
**Farmers & Merchants Bank
& Trust—Marinette**
2 Loans—\$85,000
**Farmers & Merchants State-
Waterloo**
4 Loans—\$626,700
Fifth Third-Erlanger, KY
1 Loan—\$50,000
**First Bank Financial Centre,
Oconomowoc**
11 Loans—\$3,217,600
**First Citizens State Bank
Whitewater**
4 Loans—\$3,121,000
Foundations Bank-Pewaukee
6 Loans—\$3,800,000
Horicon Bank-Horicon
2 Loans—\$265,000
Independence Bank
1 Loan—\$454,000-Independence

Innovative Bank-Oakland, CA
1 Loan—\$20,000
Intercity State Bank-Schofield
1 Loan—\$270,000
Johnson Bank—Racine
6 Loans—\$411,000
JP Morgan Chase-Milwaukee
8 Loans—\$653,800
Landmark CU-New Berlin
2 Loans—\$210,000
Layton State Bank-Milwaukee
2 Loans—\$340,000
Marine Bank-Wauwatosa
1 Loan—\$185,000
Marshfield Savings-Marshfield
11 Loans—\$1,572,100
M&I Marshall & Ilsley-Milw.
18 Loans—\$2,332,300
Mid-Wisconsin Bank-Medford
1 Loan—\$440,000
Monona State Bank-Monona
5 Loans—\$1,290,000
National City Bank
1 Loan—\$60,000-Cleveland, OH
**National Exchange Bank & Trust—
Fond du Lac**
4 Loans—\$1,040,000
Park Bank-Holmen
2 Loans—\$440,000
Peoples Bank of WI-Hayward
2 Loans—\$124,000
Peoples State Bank-Wausau
3 Loans—\$221,000
**Port Washington State Bank,
Port Washington**
1 Loan—\$35,000
Ridgestone Bank-Brookfield
1 Loan—\$360,000
River Valley Bank-Wausau
3 Loans—\$871,000
Royal CU-Eau Claire
3 Loans—\$305,400
**Securant Bank & Trust,
Menomonie Falls**
1 Loan—\$300,000
Shoreline CU-Two Rivers
7 Loans—\$759,700
State Bank Financial
2 Loans—\$300,000 La Crosse
State Bank -Cross Plains
2 Loans—\$240,000
Summit CU—Madison
2 Loans—\$35,000
**Superior Financial Group
Walnut Creek, CA**
5 Loans—\$52,500
The Business Bank-Appleton
1 Loan—\$75,000
The Farmers & Merchants
2 Loans—\$95,000-Berlin
The Farmers State Bank, Waupaca
1 Loan—\$200,000
**The First National Bank & Trust-Iron
Mountain, MI**
1 Loan—\$626,000

**The First National Bank
Fox Valley-Neenah/Oshkosh**
4 Loans—\$2,030,000
The First National Bank, River Falls
2 Loans—\$372,000
The Park Bank-Madison
2 Loans—\$400,000
The Riverbank-Wyoming, MN
8 Loans—\$821,000
**The Stephenson National Bank &
Trust-Marinette**
1 Loan—\$648,100
Timberwood Bank-Tomah
4 Loans—\$723,500
US Bank-Cincinnati, OH
12 Loans—\$846,600
Waukesha State Bank, Waukesha
3 Loans—\$360,000
**Wells Fargo Bank, NA
Sioux Falls, SD**
4 Loans—\$953,200
Westbury Bank-West Bend
1 Loan—\$250,000

CDC Loans

Great Lakes Asset Corp.
Green Bay
1 Loan - \$653,000
Racine County Business Dev.
1 Loan - \$272,000
Wisconsin Business
Development Finance Corp.-
Monona
18 Loans - 14,952,000

Micro Loans

First American Capital Corp.
1 Loan—\$31,000
Lincoln Neighborhood
Redevelopment Corp.
1 Loan—\$12,000
Northeast Entrepreneur Fund
3 Loans—\$31,000

Small Business Award Nominations for 2010

[2010 SMALL
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