



# NEWS & VIEWS

**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

January 2007

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### Centralized Processing for Standard 7(A) Loans

Beginning December 28, 2006, the Standard 7(a) Loan Guaranty Processing Center will begin accepting standard 7(a) loan applications from lenders that were previously submitted to SBA District Offices.

The Office of Financial Assistance and the Office of Field Operations has coordinated a schedule for lenders to begin sending their standard 7(a) loan application requests to the center. The schedule is subject to minor modifications depending upon workload.

Wisconsin's scheduled 7(a) implementation date is January 29, 2007. Submission instructions and other useful information are available on the Processing Center's website at [www.sba.gov/banking](http://www.sba.gov/banking).

### Updated 7(a) and 504 Authorization Wizards

Version 2007 of the National 7(a) and National 504 Authorization Boilerplate and Wizard was released on January 2, 2007. These versions replace the current Version 2006 of the National 7(a) Authorization Boilerplate and Wizard and the current Version 2004.2 of the 504 National Authorization Boilerplate and Wizard.

Version 2007 of these Authorizations are available to Lenders and CDCs by going to the SBA banking website at [www.sba.gov/banking](http://www.sba.gov/banking) beginning January 2, 2007 but Lenders and CDCs have until February 5, 2007 to convert to this new version. If you

have any questions regarding the 7(a) Authorization, please submit your questions to the 7(a) Authorization e-mail box at [Auth-7a@sba.gov](mailto:Auth-7a@sba.gov) and any questions regarding the 504 Authorization, to the 504 Authorization e-mail box at [Auth-504@sba.gov](mailto:Auth-504@sba.gov).

### Free CEO Development Training for Small Businesses

Small businesses that participate in the U.S. Small Business Administration's 8(a) Business Development Program and certain other disadvantaged companies may be eligible to receive free training entitled: "Basic CEO/Executive Development" and "Cost and Pricing" as part of a nine-month series of workshops that begin in January 2007 in Portland, Ore.

The training offered around the country under the SBA's Management and Technical Assistance program features 80 workshops in 40 different cities and will be conducted by Unlimited Services Systems Management and Consultants (USSMC), a small business based in Largo, Md. The first session in the series will take place in Portland on January 9, 2007.

"The SBA is committed to helping small business owners manage and grow their businesses, gain access to federal contracting opportunities, and remain competitive in the federal marketplace," said SBA Administrator Steven C. Preston. "We are happy USSMC has joined us to offer this valuable training."

The “Basic CEO/Executive Development” and “Cost and Pricing” workshops will highlight:

- Perfecting the business and strategic plan;
- Marketing and doing business with the federal government;
- Learning the procurement process and how to write winning proposals;
- Understanding the Fundamentals of indirect cost and rates; and
- Setting up an acceptable accounting system for government, finance, audit banking, invoicing and proposal purposes.

Firms that are eligible for the two-day “Basic CEO/Executive Development” training workshop include 8(a)-certified firms in the developmental stage of the 8(a) program. Other eligible firms include firms that operate in areas of high unemployment or low incomes, or firms owned by low-income individuals, firms that have been in business for not more than four years, and HUBZone-certified firms. The one-day “Cost and Pricing” workshop targets firms in accounting, finance, pricing, cost proposal or contracts administration.

Those wishing to participate in these courses should visit [www.ussmc.com](http://www.ussmc.com) to register and view the list of cities and dates scheduled for upcoming training sessions. After selecting a course from USSMC’s homepage, individuals should select “Online Registration” and then select “Schedule/Upcoming classes” on the left hand side of the screen. The maximum capacity for each session is 40 and classes are limited to one representative from each firm.

For more information on how to receive federal contracting assistance from the SBA, visit [www.sba.gov/gcbd](http://www.sba.gov/gcbd), and to learn more about the training workshops, visit [www.ussmc.com](http://www.ussmc.com).

### National Ombudsman Releases 2005 Annual Report

The Office of the National Ombudsman at the U.S. Small Business Administration recently released its annual report to the 109<sup>th</sup> Congress rating the responsiveness of federal agencies to the regulatory enforcement issues faced by small businesses during fiscal year 2005.

The Office of the National Ombudsman, created by the Small Business Regulatory Enforcement Fairness Act (SBREFA) produces an annual report to Congress on federal regulatory enforcement activities involving small businesses. The National Ombudsman also works with each federal agency that has regulatory authority over small businesses to ensure that regulatory issues are handled and enforced fairly.

“The state of America’s 25 million small businesses is stronger than ever before,” said National Ombudsman Nicholas N. Owens. “However, with opportunities of success there are also challenges—compliance and regulatory challenges. The Office of the National Ombudsman helps navigate small businesses through concerns of unfair or excessive federal regulatory enforcement.”

The National Ombudsman’s report provides a voice for small businesses in the complex and confusing federal regulatory process. Moving forward, the National Ombudsman intends to closely evaluate the responsiveness of agencies to small businesses with respect to compliance assistance in the rulemaking process.

The report summarizes small businesses’ experiences with various federal agencies and assigns each agency a “grade” based on their responsiveness to small business concerns. The rating system evaluates agencies according to the timeliness

and quality of response, the presence of a non-retaliation policy, their degree of regulatory enforcement compliance assistance to small businesses, and the level of their participation in Regulatory Fairness Hearings.

“Small businesses need to feel comfortable in telling their government both the good and the bad. This office provides a means for them to provide that input without fear of retaliation,” National Ombudsman Owens said. “An agency’s non-retaliation policy is a vital element in ensuring a fair and transparent process.”

National Ombudsman Owens said he looks forward to “working with Congress and federal agencies to identify excessive regulatory barriers for the nation’s small businesses, and to foster a more small business-friendly regulatory enforcement environment.”

The National Ombudsman’s 2005 Report to Congress is available online at [www.sba.gov/ombudsman/reports/docs/ono2005report.pdf](http://www.sba.gov/ombudsman/reports/docs/ono2005report.pdf).

For more information about the Office of the National Ombudsman, visit the Web site at [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman).

### Programs & Services to Help You Start, Grow and Succeed

**Never Take No for an Answer**  
Does this sound familiar? You applied for a loan and the bank officer responded with the dreaded words, “I’m sorry, but...” and turned it down. Admittedly an unhappy scenario, it is not a unique one and happens to many businesses at some point.

Fortunately, you can turn what would otherwise be a negative rejection into a positive learning experience by

taking steps to find out why the final answer was “no.”

**Personalize the Process**

It helps to first become familiar with how banks actually process loan requests. If special circumstances apply to your business, describe them to the loan officer and ask what additional information might be presented to help your case. Openness about the particulars of your financial situation can help bankers look past the impersonal statistics.

If anomalies exist in your business or credit history, point out and explain them before making the credit application. This personalizes the entire process and helps to establish trust between the bank officer and the business. It is commonly said that bankers do not like surprises, and one of the worst surprises is discovering bad credit.

**Why You Did Not Get the Loan**

Banks most often deny credit because a business has:

- Bad credit. As noted above, a clean credit record is crucial in both business and personal finances.
- Anything else sends the bank warning signals about your likeliness of repaying the loan in a timely fashion – or at all.
- High debt-to-equity ratio. A typical ratio is three-to-one. Banks also look at other standard ratios for credit worthiness. In special circumstances, businesses that do not meet the usual standards may still be considered.
- Insufficient collateral. This is common for startup businesses that lack collateral or significant assets to pay back the loan if the company should experience hard times.

Other reasons may also lead the bank to reject a loan application. If yours is turned down, it behooves you to find out why the loan officer thought the

proposition was too risky. The bank may even have suggestions on how to make your presentation more persuasive.

**What Banks and The Government are Doing**

Banks acknowledge the difficulty in getting credit, especially for small, startup, and special sector businesses. Through new programs, government loan guarantees, and private initiatives, however, banks are beginning to increase their loans to these segments. Under the Community Reinvestment Act of 1977, for example, the government began asking banks to make credit more available to small business owners in their own communities. Due to recent government pressure to take action under this Act, some banks have developed programs specifically tailored to the needs of small enterprises. First Interstate Bank, for instance, recently introduced its Community-Based Lending division. As Vice President Art Resendez explains, the task is to get the word out to loan officers about the Small Business Administration’s range of loan guarantee programs.

The First Interstate division also works with special case loans. “Often we get loan applications that a standard analysis would tell us to reject,” says Resendez. “But because Community-Based Lending recognizes and understands typical small business problems, often we can work with the SBA guarantee program to approve the loan.”

Resendez also notes a relatively recent development for entrepreneurial financing – the Southern California Business Development Corporation. This is a joint project funded with \$10 million from 24 banks to aid small companies in the state.

Union Bank, with 200 branches throughout California, has 70 commercial lending locations – or one in each community serviced – to assist

business customers. According to Small Business Program Manager Larry Klaustermeier, “our experienced credit people sit down with each individual customer to understand their specific needs and circumstances. Our small business portfolio currently totals more than \$1 billion.”

“We also have a Women & Minority Assistance Program that, through a very hands-on process, deals with loans in the \$20,000 range,” continues Klaustermeier. “But the relationships we form extend beyond commercial loans alone. We try to create a total relationship with our customers, and can package everything from credit cards to residential and commercial real estate loans and trust accounts. This is part of our commitment to do as much as we can for the communities we serve.”

**Beyond Banks for Funds**

Commercial banks or savings and loan (S&L) institutions are not the only source of credit. Other sources sometimes take on riskier propositions, albeit at a higher interest rate and possibly with a stake in the company. They may also be able to offer more flexible payback arrangements or alternative revolving loans that regular banks cannot.

Commercial finance companies typically offer revolving loans with a credit line based on accounts receivable and inventory. This flexible loan allows the borrower to repay or borrow money daily, depending on the company’s cash flow needs. Interest rates are usually one to four percent higher than on bank loans, but because the borrower can pay the loan as soon as a payment is received, interest is only charged on money actually used.

Evolving from a past reputation for granting only conservative loans, insurance companies have now moved into all areas of lending except short-term revolving debt. Most frequently,

they offer seven-to 15-year loans at an interest rate based on the Treasury rate plus a risk premium. Many insurance companies are also interested in buying into growing firms to offset inflation worries on their fixed-return investments.

Venture capital firms may be able to provide growth money for companies in a period of expansion. Although traditionally focused on larger enterprises, venture capital firms have been increasingly willing to finance smaller startup companies. Some firms require voting control before agreeing to finance a company, and most prefer to deal in equity securities or subordinated debt that is convertible to equity. The interest rate is very high, generally from 35 to 50 percent.

Employee Stock Ownership Plans (ESOPs) allow a company to keep cash on hand while contributing to employees' retirement. Instead of contributing cash to the retirement fund, the business contributes stock. Not only can this have tax advantages, but also employees may find that ESOPs provide more incentive to improve job performance because of their personal stake in the firms' success.

### Make Mine a \$Million Business

National non-profit Count Me In is bringing its "Make Mine a \$Million Business (M3) campaign to Wisconsin. The M3 campaign is looking for women owned businesses that wish to grow their business to the \$million dollar level. They will offer a competition that provides 'prizes' geared to helping the business grow to a \$million.

See [www.makemineamillion.org](http://www.makemineamillion.org) for the application or call Julann Jatczak at (414) 263-5450 or e-mail [Julann.jatczak@wvbc.com](mailto:Julann.jatczak@wvbc.com) for further information.

### Entrepreneurship Week USA

The Department of Commerce is encouraging all Wisconsin Chambers of Commerce to join a national initiative in recognizing the first-ever *EntrepreneurshipWeek USA*. This nationwide event is being held February 27 – March 3, 2007. With the theme "What's Your Big Idea? Take it On!" *EntrepreneurshipWeek USA* will serve as an inspiration for young people to think creatively and to turn their ideas into action – whether that means starting a news business, developing an innovation for an existing company or solving a problem that makes Wisconsin better.

By using the *EntrepreneurshipWeek USA* website, local Chambers of Commerce has the ability to promote its special events and activities statewide. The links below will assist in jumpstarting your involvement in the Wisconsin celebration of entrepreneurship.

**Program Partner Sign-Up:**  
[www.entrepreneurshipweekusa.com/partners/activity-help.asp](http://www.entrepreneurshipweekusa.com/partners/activity-help.asp)

**Suggested Activities:**  
[www.entrepreneurshipweekusa.com/activities/suggested/group-govt.asp](http://www.entrepreneurshipweekusa.com/activities/suggested/group-govt.asp)

[www.entrepreneurshipweekusa.com/activities/suggested/group-business.asp](http://www.entrepreneurshipweekusa.com/activities/suggested/group-business.asp)

**Promotional Resources:**  
[www.entrepreneurshipweekusa.com/mbassadors/toolkit.asp](http://www.entrepreneurshipweekusa.com/mbassadors/toolkit.asp)

For additional information or questions about Entrepreneurship Week USA, please contact Carol Dunn, Small Business Ombudsman at [cdunn@commerce.state.wi.us](mailto:cdunn@commerce.state.wi.us) or 608-267-0297.

### Editor's Notes

#### SAVE THE DATE

On January 31, 2007 between 2:00 pm and 3:30 pm EST, the Comptroller of the Currency will have a telephone

seminar on the SBA 504 Loan Program. Program details are available at [www.occ.treas.gov/up\\_event.htm](http://www.occ.treas.gov/up_event.htm).

### 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.

### Sales File Transmissions

**Important Notice to Customers Who Use Sales File Transmissions**  
Effective January 12, 2007, the URL reference to the Wisconsin Department of Revenue's File Transmission site from "ww2.dor.state.wi.us" to, "<https://ww2.revenue.wi.gov/internet/efreg.html>"

It is necessary to make this change in order to transmit a file.

### SBA December 2006 Loans

**Associated Bank NA**  
26 Loans for \$4,165,550 – Green Bay

**US Bank NA**  
21 Loans for \$2,098,600 – Cincinnati, OH

**JPMorgan Chase Bank NA**  
13 Loans for \$1,631,800- Houston, TX

**M&I Marshall & Ilsley Bank**  
10 Loans for \$2,395,200 - Milwaukee

**Capital One Federal Savings Bank**  
10 Loans for \$305,000 – McLean, VA

**Wells Fargo Bank, NA**

4 Loans for \$328,000 – San Jose, CA  
 2 Loans for \$290,200 – Sioux Falls, SD  
 1 Loan for \$179,600 – Minneapolis, MN  
**TOTAL: 7 Loans for \$797,800**

**Community Bank & Trust**

6 Loans for \$1,055,000 – Sheboygan

**Community First CU**

5 Loans for \$261,400 - Appleton

**Citizens State Bank**

1 Loan for \$935,000 – Cadott  
 1 Loan for \$350,000 – Hudson  
**TOTAL: 2 Loans for \$1,285,000**

**Wisconsin State Bank**

2 Loans for \$1,250,000 – Random Lake

**State Bank of Chilton**

2 Loans for \$1,225,000 - Chilton

**Merchants Bank**

2 Loans for \$635,000 - Winona

**Community State Bank**

2 Loans for \$350,000 – Union Grove

**Bremer Bank NA**

1 Loan for \$150,000 – Saint Cloud, MN  
 1 Loan for \$80,000 – Menomonie  
**TOTAL: 2 Loans for \$230,000**

**The Park Bank**

2 Loans for \$217,000 - Madison

**West Bend Savings Bank**

2 Loans for \$191,100 – West Bend

**Johnson Bank**

2 Loans for \$190,000 - Racine

**S & C Bank**

2 Loans for \$185,000 – New Richmond

**First Citizens State Bank**

2 Loans for \$181,700 - Whitewater

**Peoples State Bank**

2 Loans for \$134,000 - Wausau

**The First State Bank**

1 Loan for \$1,044,561 – New London

**Timberwood bank**

1 Loan for \$1,000,000 – Tomah

**Legacy Bank**

1 Loan for \$830,000 - Milwaukee

**Park Bank**

1 Loan for \$775,000 - Brookfield

**Waukesha State Bank**

1 Loan for \$630,000 - Waukesha

**Stephenson National Bank & Trust**

1 Loan for \$617,500 - Marinette

**Newtek Small Business Finance, Inc.**

1 Loan for \$550,000 – New York

**Monona State Bank**

1 Loan for \$424,000 - Monona

**Altra FCU**

1 Loan for \$225,000 – La Crosse

**McFarland State Bank**

1 Loan for \$225,000 - McFarland

**Fox Communities CU**

1 Loan for \$200,000 – Appleton

**Branch Bank & Trust**

1 Loan for \$190,000 – Winston-Salem, NC

**Foundations Bank**

1 Loan for \$125,000 - Pewaukee

**Bank of Wausau**

1 Loan for \$110,000 - Wausau

**First National Bank of Hartford**

1 Loan for \$108,900 - Hartford

**DMB Community Bank**

1 Loan for \$100,000 - DeForest

**American National Bank-Fox Cities**

1 Loan for \$87,000 - Appleton

**Citizens First CU**

1 Loan for \$85,500 - Oshkosh

**Anchor Bank**

1 Loan for \$79,000 - Madison

**Abby Bank**

1 Loan for \$75,000 - Abbotsford

**Citizens State Bank & Trust**

1 Loan for \$75,000 – Fort Atkinson

**The Reedsburg Bank**

1 Loan for \$61,500 - Reedsburg

**Port Washington State Bank**

1 Loan for \$50,000 – Port Washington

**Pyramax Bank FSB**

1 Loan for \$50,000 - Greenfield

**The Business Bank**

1 Loan for \$50,000 – Minnetonka, MN

**First Bank Financial Centre**

1 Loan for \$45,500 - Oconomowoc

**Amcore Bank NA**

1 Loan for \$25,000 – Rockford, IL

**First National Bank-River Falls**

1 Loan for \$20,000 – River Falls

**River Cities Bank**

1 Loan for \$20,000 – Wisconsin Rapids

**Town and Country Bank**

1 Loan for \$20,000 - Watertown

**Superior Financial Group**

1 Loan for \$5,000 – Walnut Creek, CA

**SBA December 2006  
CDC Loans**

**WI Business Development Finance Corp.** 7 Loans for \$2,422,000 - Monona

**Great Lakes Asset Corporation**

3 Loans for \$1,988,000 – Green Bay

**Central Minnesota Development Co.**

1 Loan for \$277,000 – Coon, MN

**Twin Cities-Metro Certified**

**Development Corp.** 1 Loan for \$154,000 – Shoreview, MN

**SBA December 2006  
MicroLoans**

**Wisconsin Women’s Business Initiative Corp.** 3 Loans for \$38,000

In the December 2006 issue of the News and Views, the following November Microloan totals were omitted:

**Wisconsin Women’s Business Initiative Corp.** 3 Loans for \$25,000