

# 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  
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## SBA Honors Wisconsin's Newest Preferred Lender



L-R – Dave Frank, Eric Ness, Erin Procko

**Guaranty Bank** was honored on November 2, 2007 by the U.S. Small Business Administration for attaining Preferred Lender status. In a ceremony at Guaranty Bank, SBA District Director Eric Ness presented a plaque to Guaranty Bank's President of Specialty Lending Dave Frank and SBA Lending Manager/Assistant Vice President Erin Procko.

Guaranty Bank has had an interesting and rapid climb to becoming a preferred lender. They first became a guaranteed SBA lender in December of 2006 utilizing SBA's 7(a) loan programs. By February of 2007, Guaranty had attained *SBAExpress* status and in July of 2007, they became a Patriot Express lender. October of 2007 brought Guaranty Bank to the Preferred Lender status. Under this status, SBA has delegated loan approval, closing, and most servicing, liquidation authority and responsibility to the bank. Guaranty Bank's Dave Frank said, "We are honored and excited to receive this high designation from the SBA within less than a year and look forward to providing superior

customer service with our new expedited processing ability. Our SBA department is dedicated to offering a wide variety of SBA products to serve all of our small business customer needs."

One of those small businesses customer's needs were well served when Guaranty bank became the first lender in Wisconsin to utilize the SBA's Patriot Express Loan Program with a loan to Larry Gamble, who is currently on active duty with the US Air Force. Larry plans to retire soon and used the funds to purchase Deep Blue Adventures, a one-stop dive center.

"SBA's Eric Ness said, "We are extremely proud to recognize Guaranty Bank as our newest Preferred Lender in Wisconsin. Their climb to reach SBA Preferred Lender status in less than a year demonstrates their deep commitment to the communities they serve and SBA looks forward to a long and rewarding association with them."

## Wisconsin Vets Take Advantage of SBA's Patriot Express Loan Program

Veteran-owned small businesses in Wisconsin are starting to take advantage of the U.S. Small Business Administration's (SBA) new loan program that targets veterans and other spouses. The Patriot Express Loan Initiative, announced last summer, has funded 15 business loans in Wisconsin as of November 7, 2007 and SBA officials are hoping more veterans or their spouses will take advantage of the guaranteed loans backed by the government.

“SBA plays a key role in helping small businesses in general get the capital they need and now we can offer a specific program to veterans to help them succeed in their business careers,” said Eric Ness, District Director of SBA’s Wisconsin Office. “With assistance from our lending partners in the Patriot Express loan program, we’re proud to help our veterans.”

As of November 7, 2007, about \$1.9 million dollars in Patriot Express funds have been loaned to veterans and members of the military community in Wisconsin through Associated Bank, Community State Bank, Dupaco Community Credit Union, Guaranty Bank, Johnson Bank, JPMorgan Chase Bank, M&I Marshall & Ilsley Bank and U.S. Bank since the onset of the program.

“Almost 15 percent of businesses in America are owned by veterans, and SBA is proud that across the United States last year, we guaranteed over \$1 billion to veteran-owned businesses,” noted District Director Eric Ness. “The unique technical and leadership skills veterans acquire through military service can make them successful entrepreneurs. At SBA, we’re ready to help them start or expand their own businesses.”

**SBA Participates in Construction Matchmaking Event**

Over 100 small business owners had one-on-one meetings with representatives from 34 federal, state, local buyers and private contractors at a Construction Matchmaking event on October 30, 2007. The event, titled C3W for Connecting Construction Contractors in Wisconsin was held in Waukesha and included workshops and training sessions along with the matchmaking appointments.

SBA District Director Eric Ness kicked off the event with the welcoming speech. SBA employees, Deputy District Director Julious Hulbert, Lead Business Development Specialist Jim Simelton, Business Development Specialists Linda Krysiak, Cheryl Jordan and Joe Rosner, and Program Support Assistant Yolanda Lassiter helped in several areas from registration to handling appointments to operating information booths.

Training sessions were conducted on financial recordkeeping by Gilbane Construction, on Project Management by ProHealth Care, as well as bonding and tax information. The day began with a panel discussion based on the construction of the Intermodel Building (the Amtrak Project) and its successful use of small business sub-contractors. Members of the panel were from CG Schmidt, Inc., the large prime; Belonger Corporation, the woman-owned small business sub-contractor; and WISDOT, the organization that monitored the project.

Buyers represented the US Navy, US Army Corps of Engineers, Forest Service, General Services Administration, Fish and Wildlife, VA, HUD, State of WI, City of Madison, Dane County, City of Milwaukee, Milwaukee County, Milwaukee Metropolitan Sewerage District, Madison Public Schools, Lunda Construction, Ayres and Associates, Michels Construction and Pieper Electric.

LeRoy Butler, retired Green Bay Packer and member of the Super Bowl Team delivered the keynote to the luncheon crowd of 225 attendees and 20 students in the special trades program at

Bradley Technical High School.

Emcee and host to the 20 special guests was State Representative Jason Fields, who led a lively questions and answer session after the keynote address between Mr. Butler and the students.

The planning committee for this event was SBA, WI DOA, Milwaukee County, City of Milwaukee, Dane County, City of Madison, Milwaukee Metropolitan Sewerage District, WISDOT and was coordinated by Wisconsin Procurement Institute.

**SBA Loan Program Reform Initiative**

**New Processes and Products to Make Agency More Customer-Friendly and Results-Driven**

The U.S. Small Business Administration is rolling out several major reforms to make its loan programs more effective and its products easier to use.

As part of Administrator Steve Preston’s agenda to make SBA more goal-oriented and accountable to customers, the agency sought extensive feedback from its district offices and lending partners on ways to improve services. The result is a loan reform initiative that will increase SBA’s outreach to clients in underserved markets, enhance its relationship with lending partners, and strengthen its ability to help small businesses start and grow.

Components of the Loan Program Reform Initiative includes:  
**New Standard Operating Procedure (SOP)**

SBA has created a new, more lender-friendly SOP that is notably shorter and better organized. The document is in the agency clearance process, and a final product is targeted

for early spring. The agency intends to make it accessible electronically supported by search tools and to use it as a model moving forward with related SOPs.

#### Streamlined Tab System

SBA's tab system helps lenders organize their loan purchase packages by breaking down the sets of documents necessary into 45 sections. SBA is introducing a new 10-tab system for submitting purchase guaranties as an alternative to the present 45-tab format. While the 45-tab system may be used, the 10-tab system offers a reduced number of documented categories and a more intuitive flow, which should help improve package quality.

#### 45-Day Pledge

Most loan purchase packages received by the SBA from lenders are incomplete and require considerable rework, causing extensive delays. SBA is offering lenders a major incentive to work with its staff to speed the loan process and eliminate errors. (See related article on common errors). Every lender that submits a new, complete package using the 10-tab format to its National Guaranty Purchase Center in Herndon after November 1 will be informed in 45 days or less whether it will be purchased or is likely to end in a repair or denial.

Hundreds of SBA staffers have been trained to assist lenders in the process. Lenders who are unsure how to submit a package are encouraged to call their local SBA office for assistance before sending it to Herndon.

In Herndon, SBA created a customer service center to help determine the status of a package and resolve simple questions about the guaranty process. Lenders can call Herndon at 1-877-488-4364.

#### New, Improved Products and Services

Recently, SBA unveiled Rural Lender Advantage, a simpler loan approval

process designed to spur economic growth in America's rural communities. Part of the agency's popular 7(a) loan program, Rural Lender Advantage encourages smaller, rural lenders to partner with SBA by requiring less paperwork, offering services online, and providing greater lender support. It will soon begin in six states, but the agency expects to expand it nationwide.

The agency also intends to modify its Community Express loan program so that it is simpler for lenders and borrowers to use and focused more on underserved markets. This program, which has the highest minority participation of any SBA lending product, involves a cooperative effort between SBA lenders and development resource partners to focus the agency's financial and technical assistance on distressed communities.

Finally, this summer, SBA announced the new Patriot Express Pilot Loan as the latest extension to the financial, procurement, and technical assistance programs the agency provides to the military community. Patriot Express is a streamlined loan product based on SBA's highly successful SBA Express Program, but with enhanced exciting new service to help America's patriots start and grow businesses.

#### Loan Processing Modernization and Backlog Reduction

Today, SBA processes more than 100,000 loans a year, which is twice as many as it processed five years ago. Of the more than 300,000 SBA-backed loans outstanding, 1,200 are backlogged guarantee purchases that have been submitted to its National Guaranty Purchase Center. The agency is standardizing its review process, re-engineering its processing centers, and bolstering its training centrally and in the field to eliminate the backlog and develop systems to prevent it from recurring, just as it did with its backlogged disaster program.

### Common Errors Found In Purchase Packages

Below, are common errors that SBA's National Guaranty Processing Center is finding in purchase packages that may delay processing.

- There are no tabs or the package is not organized in order of the checklist or authorization. (Please note that as of August 1, 2007, the **new executed tabs** are required. Packages without them will be returned.)
- The transcript is not signed and/or is not in the SBA 1149 format. All transcripts must minimally include the following:
  - SBA loan name and 10-digit loan number
  - Method used for interest computation (360 day or 365 day)
  - Date and amount of each disbursement
  - Date and amount of each payment showing principal and interest applications
  - Date to which interest is paid (which should be the same date payment was received)
  - Interest rate changes (for variable rate loans)
  - Next payment due date (defined as the "default date," at which point the interest rate becomes fixed; no changes to the rate should be reflected thereafter)
  - If applicable, amount of Lender's successful bid at foreclosure sale (reflected on the transcript as a credit to the principal balance)

- Early default issues:
  - Evidence of equity injection is missing
  - Settlement sheets are incorrect or do not have supporting documentation to evidence disbursements
  - Post default UCCs are missing or are incorrect
  - If the loan is an early default by a PLP lender, the credit memo and/or SBA Form 912 are often missing.
- IRS Income Tax Verification is often missing or incorrect.
- If you are submitting a Low Doc loan for purchase, the liquidation of all non-real estate assets must be completed before the purchase request may be submitted unless the borrower has filed bankruptcy. We have received several Low Doc loan purchase requests where the liquidation has not occurred and there is no indication of bankruptcy, which causes us to assume that the purchase package is not ready to be submitted.
- For all loans, in situations where liquidation has occurred at the time that purchase is being requested, the Report of Sale and Appraisal(s) (or some other satisfactory valuation of collateral), or final wrap up report are often missing. We cannot purchase the guaranty without these extremely important pieces of information.
- The Site Visit Reports are often missing.
- Wire Transfer Information is missing.
- Environmental Questionnaire/Phase I, II is not provided when required.

- Risk Management Database information is missing.
- LowDoc Eligibility Checklist (if LowDoc Loan) is not provided when required.

**Disaster News**

**SBA Disaster Loans Available in Wisconsin Following Secretary of Agriculture Disaster Declaration**  
 On November 14, 2007, the U.S. Small Business Administration announced that federal disaster loans are available to small businesses located in Wisconsin as a result of drought that occurred April 1, 2007 and continuing.

Small businesses in the following counties are eligible to apply: Adams, Ashland, Barron, Bayfield, Brown, Buffalo, Burnett, Calumet, Chippewa, Clark, Columbia, Door, Douglas, Dunn, Eau Claire, Florence, Fond du Lac, Forest, Green Lake, Iron, Jackson, Juneau, Kewaunee, La Crosse, Langlade, Lincoln, Manitowoc, Marathon, Marinette, Marquette, Menominee, Monroe, Oconto, Oneida, Outagamie, Pepin, Pierce, Polk, Portage, Price, Rusk, Sauk, Sawyer, Shawano, Sheboygan, St. Croix, Taylor, Trempealeau, Vernon, Vilas, Washburn, Waupaca, Waushara, Winnebago and Wood.

“When the Secretary of Agriculture issues a disaster declaration to help farmers recover from damages and losses to crops, the Small Business Administration issues a declaration to assist small businesses affected by the same disaster,” said Frank Skaggs, Director of SBA Field Operations Center East.

Under this declaration, SBA’s Economic Injury Disaster Loan Program is available to farm-related and nonfarm-related small business concerns and small agricultural cooperatives that suffered financial losses as a direct result of this disaster. Farmers and ranchers are not eligible to apply to the SBA but nurseries are eligible to apply for

economic injury disaster loans for losses caused by drought conditions.

Eligible businesses may qualify for loans up to \$1.5 million. These loans are available at a 4 percent interest rate with terms up to 30 years. SBA determines eligibility for the program based on the size and type of business and its financial resources. Loan amounts and terms are set by the SBA and are based upon each applicant’s financial condition. Under this disaster declaration, the SBA cannot provide loans to agricultural producers.

Interested business owners should contact SBA’s Customer Service Center by calling 1-800-659-2955 (1-800-877-8339 for the hearing-impaired) Monday through Friday from 8 a.m. to 10 p.m., and Saturday and Sunday noon to 10 p.m. EST. Loan applications can also be downloaded from [www.sba.gov](http://www.sba.gov). Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**Completed loan applications must be returned to SBA no later than June 18, 2008.**

**Small Business Makes Wisconsin a Great Place to Live**

What makes a neighborhood, a community, a city, and a state vibrant, alive, and a great place to live? What gives a place that special flavor, what makes it unique and a good place to work and raise a family? In large part, local small businesses give a community its character, its sense of growth, and its optimism. This is especially true in Wisconsin. The most recent data shows just how important small business is to Wisconsin families. Here, small business continues to create new jobs. According to the recently released *Small Business Profile for the States and Territories* by the Office of

Advocacy of the U.S. Small Business Administration, Wisconsin small businesses added 36,400 net new jobs in 2004, the latest period studied.

But as they say in the infomercials, "that's not all!" The Updated profile also shows that in 2006, Wisconsin had an estimated 447,200 small businesses, of which 127,400 were employer firms. Those small businesses employed 53.9 percent of the state's non-farm private workforce (in 2004).

Further, diversity of business ownership is bringing more of the state's minorities and women into the economic mainstream. The data documents that Wisconsin has 5,000 Asian owned firms, 6,700 Black-owned firms, 3,800 Hispanic-owned firms, 2,500 Native American-owned firms, and 100 Native Hawaiian and Pacific Islander-owned firms. Moreover, women-owned firms total 104,200 and generate \$17.6 billion in revenue (all in 2002, the latest year available).

The 13,371 new firms with employees in 2006 showed just how optimistic Wisconsin's entrepreneurs are about the future. More importantly, those firms are driving the economy. Office of Advocacy research has shown that new business creation is key to the state's ability to increase gross state product, state personal income, and total state employment.

Unfortunately, because the businesses are small and individually don't appear to be important, policy makers tend to overlook them when discussing and implementing regulatory, tax, and economic proposals. Because they are overlooked, some do not understand how their programs, rules, and regulations can harm small business.

The result is that small business faces an uneven playing field. According to

Advocacy research, just complying with federal regulations costs the nation's smallest firms \$7,647 per employee each year. That is 45 percent more than the per-employee costs of their larger counterparts.

As the years have gone by, the total annual federal regulatory burden on the economy has grown to enormous proportions. Complying with all federal regulations now costs our economy \$1.1 trillion per year – that is more per household than the cost of healthcare.

It is time to lighten that load by streamlining and updating outdated and ineffective regulations. The Office of Advocacy's new Regulatory Review and Reform initiative (r3) does just that. The initiative encourages small business stakeholders to identify current rules that are outdated or ineffective and recommend targeted reforms.

The result will be an annual "Top 10" list of current regulations that are ripe for reform. Advocacy will work with the relevant federal agencies to make sure they understand the impact of those current regulations on small business. In addition, we will provide them with training in how to review and reform outdated and ineffective rules.

The Office of Advocacy is calling for nominations of federal rules and regulations in need of review and reform, and they need your help to make r3 a success. Nominations are due by December 31, 2007. You can make them by visiting the r3 website at [www.sba.gov/advo/r3](http://www.sba.gov/advo/r3), sending an email to [advocacy@sba.gov](mailto:advocacy@sba.gov), or calling Keith Holman at (202) 205-6936. A small business is what makes neighborhoods, communities, and states strong. Small business creates jobs, develops innovative products and services, and brings diversity to our

economy. By leveling the playing field and supporting small business with regulatory relief through the r3 initiative, we can keep our communities a great place to live for our children and grandchildren.

**SCORE Corner**

**Volunteers Wanted**

SCORE – Service Corps of Retired Executives, counselors to America's Small Businesses, needs additional experienced businesspersons. 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 Ave, 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.

**Link to SBA Wisconsin's OCTOBER LOANS**

**October 2007 Micro-Loans  
Wisconsin Women's Business Initiative Corporation  
2 Loans for \$22,875**