

**U.S. Small Business Administration
West Virginia District Office**

Judy McCauley, District Director

320 West Pike Street, Suite 330
Clarksburg, WV 26301

Phone: (304) 623-5631
Fax: (304) 623-0023
Email: wvinfo@sba.gov
Homepage: www.sba.gov/wv

Charleston Branch Office

405 Capitol Street, Suite 412
Charleston, WV 25301

Phone: (304) 347-5220
Fax: (304) 347-5350

In this issue:

District Director Column	page 1
Patriot Express	page 2
2007 Top Lenders	page 2
Delegated Lending Authority	page 3
E-Tran	page 3
Final Collection Ruling	page 4
Summary of New Rules	page 4
SBAExpress	page 4
2007 Resource Guides	page 4
IRS E-Newsletter	page 5
Top Lenders - 2006	page 5
Key SBA Info	page 6



SBA's Patriot Express & America East SBA Lenders Conference

On Wednesday, June 13, 2007, the SBA launched the Patriot Express loan initiative which is designed to deliver the full complement of SBA's programs and services to those in the military community desiring to start or expand a small business. This initiative is built on the platform of the SBA Express program that permits lenders to utilize their own forms, policies and procedures in the underwriting, application, servicing and liquidation of the loan while providing SBA's standard loan guarantee percentages of 85 and 75 percent. When coupled with our E-Tran electronic interface for requesting loan approval, you as a lender have at your fingertips a program that provides you a great risk enhancement tool, provides you a competitive edge and enables you to truly provide a service to those who have served us.

The Patriot Express initiative is immediately available to SBA Express and PLP lenders upon execution of a supplemental agreement. Additional information on the Patriot Express and E-Tran is contained in this newsletter or you may contact our office at your convenience.

Several of you took advantage of the SBA's lenders conference held last September in Ocean City, MD. This year, the America East Conference for SBA Lenders will be held at the Hyatt Regency in Newport, RI from Sunday, August 26 through Tuesday August 28, 2007. An important conference for SBA lenders, the program will include a variety of breakout sessions specifically requested by lenders including new sessions on franchising and business valuations.

Direct SBA topic sessions include providing an update on environmental policies, addressing how to put a successful purchase package together and a session discussing everything you need to know about centralization. Industry experts and some well-know guest speakers have also been invited to participate throughout the event.

This event represents an outstanding opportunity to network and meet with lenders from all over the East Coast. The event is being hosted by the RI Small Business Development Center. Additional information will be forthcoming shortly or you can visit www.risbdc.org/americaeast for updates.



SBA - providing lenders a "comfort zone" through the guaranty loan program!

Patriot Express Loan Initiative

The 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 on June 13. Patriot Express is a streamlined loan product based on SBA's highly successful SBA Express Program, but with enhanced guarantee

YOUR KEY TO BUSINESS SUCCESS



and interest rate characteristics.

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 who died during service, or of a service-connected disability.

Features of Patriot Express include SBA's fastest turnaround time for loan approvals. Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of up to 85 percent for loans of \$150,000 or less, and up to 75 percent for loans over \$150,000 up to \$500,000. For loans above \$350,000, lenders are required to take all available collateral.

"Veteran-owned businesses make significant contributions to the economy and because of the unique technical and leadership skills they acquire through military service, they can become successful entrepreneurs."

SBA Administrator
Steven Preston

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. Patriot Express loans maximum interest rates will be the same as those allowed under the regular 7(a) program, which contrasts with the higher interest rate allowed under the SBAExpress program.

Loans will be centrally processed in SBA's Sacramento PLP Loan Processing Center, with a

strong emphasis on SBA's Internet based e-Tran loan processing.

As of June 28, Patriot Express applications are being accepted from lenders who have been certified to participate as Patriot Express lenders. Lenders that currently participate in the SBAExpress and PLP programs are eligible to make Patriot Express loans and should have been contacted by the Sacramento PLP Processing Center to update their status. For lenders not currently participating in the SBAExpress or PLP programs but have a history of participation in the SBA's 7(a) loan program, requests may be made for Patriot Express/SBAExpress authority by sending your request to Sally Schimmel, Lead Loan Specialist at the Sacramento Processing Center by fax (916-930-2406) or email (sally.schimmel@sba.gov). The request must include:

- Lender's exact legal name and address
- Name, title, address, phone and fax number, email address for the contact person
- Letter from the lender certifying as to whether: it is in good standing with its primary regulator; and it currently is or in the past two years has been: subject to an enforcement action by any of its state or federal regulators; or subject to any formal or informal agreements with any of its state or federal regulators.
- Signed copy of the Patriot Express Agreement which can be obtained by contacting Dave Manley at the West Virginia District Office by phone (304-623-5631 ext. 231) or email (david.manley@sba.gov).

Further details on the initiative can be found at: www.sba.gov/patriotexpress or by contacting the West Virginia District (304-623-5631) or Charleston Branch (304-347-5220) Offices.

2007 Lender Volume Report

Wow, only three months left before the end of fiscal year 2007. We're heading down the stretch and now's the time to make that big "push" toward the finish line. Overall SBA guaranty lending in West Virginia is up nearly 25 percent as compared to this time last year. **Thank you West Virginia lenders!** A breakdown of the rankings per category as of June 30, 2007 is reflecting below.

Large & National Banks (more than \$500 million in assets)

1. Huntington Banks – 51 approvals for \$4.0M
2. BB&T – 25 approvals for \$4.0M
3. JP Morgan Chase – 24 approvals for \$2.5M

Community Banks (less than \$500 million in assets)

1. The First State Bank – 21 approvals for \$1.6M
2. Centra Bank, Inc. – 4 approvals for \$1.7M
3. First National Bank of Romney – 3 approvals for \$1.2M
3. Main Street Bank – 3 approvals for \$232K

CommunityExpress Lenders

1. Superior Financial Group – 30 approvals for \$263K
2. Innovative Bank – 16 approvals for \$250K
3. Business Loan Center – 2 approvals for \$65K

For a complete rundown of SBA lending per lender for fiscal year 2007, visit the **For SBA Lenders** section on the Financing page of our web site at: www.sba.gov/wv/WV_FINANCING.html.

To keep lenders and resource partners apprised of newsworthy items, we have created a "For SBA Lenders Only" section area on the financing page of the West Virginia SBA web site. For access, go to bottom of the following URL: www.sba.gov/wv/WV_FINANCING.html.

If you would like additional items placed in this area, please let us know. Contact Dave Manley (304-623-5631 ext. 231 – email: david.manley@sba.gov) with your recommendations/suggestions.

Unilateral Actions by Lenders

SBA has delegated to lenders other than PLP and SBAExpress the unilateral authority to take "non-substantial" servicing actions. Per SBA Procedural Notice 5000-917, the following is a listing of actions lenders do not need to submit to SBA for approval.

1. Correct obvious typographical errors
2. Provide payoff figures to borrowers
3. Modify financial statement requirements
4. Defer principal and/or interest payments
5. Release collateral up to cumulative value of 20% of original loan amount
6. Substitute collateral
7. Subordinate to third party senior lien
8. Change life or hazard insurance requirements
9. Adjust loan installment amounts
10. Make loans that do not adversely affect the collateral
11. Approve change in borrower's form of organization
12. Adjust management covenants
13. Accept prepayments

14. Extend initial disbursement period up to 6 months

For more extensive information on the actions lenders must submit to SBA and what is delegated, visit the financial section on the West Virginia web site (www.sba.gov/wv/wv_financing.html) and click on the link to SBA Procedural Notice 5000-917 found at the bottom of the page under the "For Lenders Only" section or contact Dave Manley at the WVDO.

Introducing E-Tran Servicing

Lenders who are currently processing SBAExpress, Community Express or PLP loans electronically, via an E-Tran solution, are now able to cancel fully undisbursed loans using the E-Tran servicing module. E-Tran servicing will also enable E-Tran lenders to view the real-time status of their loan portfolio.

To apply for E-Tran servicing permissions, lenders can request access via the following URL: <https://eweb.sba.gov/gls>. After logging in, double click the "Access" button, and then scroll down to the *Electronic Lending – Servicing (ETRAN)* folder and select "View" and "Cancel-only." Permissions should be granted within 24 hours. Questions should be directed to:

stephen.kucharski@sba.gov
glenn.hannon@sba.gov or bruce.purdy@sba.gov

What is E-Tran? E-Tran is an SBA loan guaranty origination solution that leverages best-practice Internet technology to reduce the turnaround time on loan guaranty requests and provide the agency with high quality, timely data to support the management and oversight of its portfolio. E-Tran is one component of an overall strategy to provide increased efficiency and decreased costs in the loan guaranty origination process.

SBA has worked with numerous lenders over a two year period to tailor this application for the lending community. E-Tran's flexibility allows lenders to determine which method of access is best for them. E-Tran was created to allow access through a number of channels, including:

- A Web page where lenders can enter loan information for single loans;
- A secure Web site capable of accepting multiple applications simultaneously via an XML (Extensible Markup Language) file transfer;
- Working with software intermediaries that have E-Tran loan submission functionality built into their program.

Who is eligible for E-Tran? SBAExpress lenders with delegated eligibility authority will be

given first preference, but all Express lenders are eligible. Currently, SBAExpress and PLP loan processing is E-Tran eligible.

How to get started? Lenders should contact Stephen Kucharski at (202) 205-7551 or Glenn Hannon at (202) 205-7122 or via email as noted above. Lenders will need to provide the following information to obtain a User ID and Password: Last name of user; First name; Middle initial; Lender name; Company; FIRS #; Complete mailing address; Title; Telephone number; and E-mail address.

Publication of Final Regulations for Liquidation and Debt Collection Activities

On April 12, 2007, SBA published in the Federal Register final regulations addressing servicing, liquidation and guaranty purchase activities for 7(a) lenders and Certified Development Companies. These regulations were published as proposed rules on November 3, 2005 (70 FR 66800) with an initial comment period that ended on January 6, 2006. The comment period was later reopened and extended to February 24, 2006. A number of comments were received, as indicated in the "comment summary" to the final regulations, and the regulations were revised to address these comments. To access the notice and regulations, visit the West Virginia Financing web page at www.sba.gov/wv/wv_financing.html and select the link to the 5000-1017 Notice at the bottom of the page. Lenders responsible for servicing and/or liquidating SBA loans should review this notice.

Summary of New Rules on Liquidation and Litigation

Program changes as of May 14, 2007

Routine Litigation has been redefined. The \$5,000 threshold has been raised to \$10,000. Litigation plans now only need to be submitted when:

- Factual or legal issues are in dispute
- Legal fees are estimated to exceed \$10,000
- The Lender has a conflict of interest
- The Lender has a non-SBA guaranteed loan

Herndon legal staff will continue to approve legal fees for routine litigation. The cap is now \$10,000. Fees totaling or expected to total \$10,000 or more will be sent to District Counsel.

Now only 7(a) loans made under a lender's authority as a CLP lender and CDCs must submit liquidation plans to SBA prior to initiating liquidation. Amendments to litigation or liquidation plans only need be submitted when changes cause a variance of 15 percent or more.

Purchase

SBA's guarantee expires 180 rather than 120 days after maturity.

For loans approved on or after May 14, 2007, Lenders will need to liquidate all business personal property prior to requesting SBA purchase. For Secondary Market loans, Lenders must provide SBA with a status report within 15 days of the time SBA purchases the loan.

For questions, or for a copy of the Procedural Notice and Federal Register information, visit the **For SBA Lenders** section on the Financing page of the WV web page (http://www.sba.gov/wv/WV_FINANCING.html) or contact David Manley at david.manley@sba.gov.

SBAExpress

Has your bank applied to be a SBAExpress lender yet? Don't miss this great opportunity to get a 50 percent guarantee from the SBA, use your own loan procedures, mostly your own forms, and your own collateral policy (for loans up to \$150,000). SBAExpress maximum loan amounts can be up to \$350,000. With SBAExpress, you can make revolving lines of credit and collateral is not required for loans under \$25,000. For more information, contact David Manley (david.manley@sba.gov) at (304) 623-5631 ext. 231.

West Virginia Certified Development Companies

West Virginia Certified Development Corporation
(Statewide) – Charleston – (304) 558-3691

Regional Economic Development Partnership
(Statewide) – Wheeling – (304) 232-7722

Business Finance Group (Berkeley, Hampshire,
Jefferson & Morgan counties) – Hedgesville – 800-
434-9427

2007 Resource Guides

The West Virginia District Office has a supply of the 2007 Small Business Resource Guide available for distribution. If you would like copies of the guide for you or your clients, please contact Barbara Carder by phone (800-767-8052 ext. 8) or email (barbara.carder@sba.gov). The guide is also available online at www.reni.net/guides and selecting West Virginia link.

IRS Electronic Newsletter

The IRS has started a news service, *e-News for Small Business*. Distributed every Wednesday, it brings timely, useful tax information right to your computer. To start a FREE subscription to E-News, visit the IRS web site at:

<http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit.

2006 Lender Awards & 2007 Financial Services Champion

During the 2007 Small Business Week Awards Banquet held on May 15, 2007 at the Embassy Suites Hotel in Charleston, West Virginia top lenders SBA for 2006 were recognized and presented with their awards. Also recognized was Bill D'Alesio, vice president of United Bank in Weirton as the 2007 Financial Services Champion for West Virginia and Jay Reddy, CEO of ProLogic Inc. in Fairmont.



Innovative Bank
Top CommunityExpress Lender



Branch Banking & Trust
Top Large/National Lender



2007 Financial Services Champion
Bill D'Alesio, United Bank



First State Bank
Top Community Bank



2007 Small Business Person
Jay Reddy

KEY SBA INFORMATION

Maximum Guaranty Percentages

Regular 7(a) loans of \$150,000 or less	85%	SBAExpress (\$350,000 maximum)	50%
Regular 7(a) loans greater than \$150,000	75%	SBA ExportExpress (\$350,000)	85/75%
Export Working Capital Program	90%	SBA Patriot Express (\$500,000)	85/75%

Guaranty Fees on loans exceeding 12 months in maturity. The Lender pays the fee and may pass it on to the borrower after first disbursement.

	<i>Based on SBA Guaranteed Portion</i>	<i>Based on Total Loan with Standard SBA Guarantees</i>	<i>Based on Total Loan with Express</i>
Loans of \$150,000 or less (Lender may keep .25% of fee)	2.00%	1.70%	1.0%
Loans between \$150,001 & \$700,000	3.00%	2.25%	1.5%
Loans greater than \$700,000	3.50%	2.625%	n.a.

Loans with a guaranteed portion in excess of \$1 million add an additional **.25%** guaranty fee on that portion.

The guaranty fee on a \$2,000,000 SBA loan is now \$53,750 with term > 1 year; \$3,750 ≤ 1 year.

Guaranty Fee on all loans up to 12 months in maturity is only .25%, but must be submitted with the application

Lender Annual Service Fee: .55% of the outstanding balance of the SBA guaranteed portion of the loan. The fee is prorated and submitted monthly with your 1502 report (See Colson Services below for contact information). This fee may not be passed on to the borrower.

Interest Rate Limits

Term less than 7 years	WSJ Prime + 2.25%
Term of 7 years or more	WSJ Prime + 2.75%
Loan of \$25,000 or less	May add 2%
Loan of \$25,001 to \$50,000	May add 1%

SBAExpress limits are:
Prime rate + 4.5% for loans over \$50,000
Prime rate + 6.5% for loans of \$50,000 or less

West Virginia District Office Finance Division Staff

	Telephone	Individual Fax	e-mail addresses
David Manley	(304) 623-5631, ext 231	(202) 481-2617	david.manley@sba.gov
Naomi Bassel	(304) 623-5631, ext 225	(202) 481-4718	naomi.bassel@sba.gov

Key Web Sites

SBA Lender Homepage	www.sba.gov/aboutsba/sbaprograms/elending/index.html
West Virginia District Office Homepage	www.sba.gov/wv/
SIC, NAICS codes and Size Standards	https://eweb1.sba.gov/naics
Franchise Registry Homepage	www.franchiseregistry.com/registry/
Immigration and Naturalization	www.uscis.gov
Exporting	www.export.gov

Important Addresses

West Virginia District Office 320 West Pike Street, Suite 330 Clarksburg, WV 26301 (304) 623-5631 Fax (304) 623-0023	SBAExpress & PLP Loan U.S. Federal Courthouse 501 I St., Suite 12-100 Sacramento, CA 95814-2322 Fax (916) 930-2160	Little Rock Commercial Loan Servicing Center 2120 Riverfront Dr., Ste 100 Little Rock, AR 72202 (501) 324-5871 Fax (202) 292-3878 Lrsc.servicing@sba.gov	7(a) Processing Center Sacramento (See PLP/Express) (916) 930-2455 Fax: (916) 230-2180 Or 262 Black Gold Blvd. Hazard, KY 41701 (606) 436-0801 Fax (606) 435-2400 7aloanprogram@sba.gov
Charleston Branch Office 405 Capitol Street, Suite 412 Charleston, WV 25301 (304) 347-5220 Fax (304) 347-5350	Colson Services 2 Hanson Place, 7 th Floor Brooklyn, NY 11217 (877) 245-6159 info@colsonservices.com www.colsonservices.com	National Guaranty Purchase 1145 Herndon Parkway Herndon, VA 20170 (703) 487-9283 Fax (202) 481-4674 loanresolution@sba.gov	Questions? Call WVDO at (800) 767-8052 ext. 8

Guaranty Fee Payments
Small Business Administration
Denver, CO 80259-0001