



Bank Notes

A Newsletter for Michigan Lenders

April 6, 2007

Issue 142

2007 Lenders' Conference and Awards

Over 180 people attended our 9th Annual Michigan SBA Lenders' Conference on March 22nd. All of the workshops were very well received, including a new presentation on "Fraud Awareness in the 7(a) Program" by Keith Hohimer of SBA's Office of Inspector General. Next year's conference will be held on March 20, 2008.

Once again, the Michigan District Office presented its annual awards to SBA lenders for their outstanding performance in the previous fiscal year. Pictures of each award winner with District Director Richard Temkin are on page 4. This year's winners follow:

Michigan Certified Development Corporation – "Lender of the Year" Our traditional award for the best overall performance considering total volume, new markets, comparison with historical performance, etc. This is the first time that a certified development company has won this award.

Fifth Third Bank – "PLP Lender of the Year" The most loans approved by a preferred lender. Preferred lenders enjoy full delegation of SBA's lending authority.

Fifth Third Bank – "504 Lender of the Year" Best overall performance by a bank in support of 504 lending.

Citizens First Savings Bank – "Community Lender of the Year" Best overall performance among Michigan-based non-PLP lenders. It considers total volume, new markets, comparison with historical performance, etc.

Charter One Bank – "SBAExpress Lender of the Year" Award for the lender which had the most SBAExpress loans.

Charter One Bank and Republic Bank – "New Markets Lender of the Year" Two awards were made in this category. Charter One Bank was recognized for doing an especially good job of lending to minority groups. Republic Bank was recognized for a significant increase in its support to new markets, and for doing an especially good job of lending to veterans.

Huntington National Bank and Chase – "Business Development Lender of the Year" Two awards were made in this category. One went to Huntington National Bank for increasing its loans from 26 in FY 2005 to 214 in FY 2006, a 723% increase. The second award went to Chase for approving 379 loans in FY 2006 compared to 142 the year before. This 167% increase on a base that was well over 100 loan approvals was unprecedented.

Michigan is Number One!

Over the past five fiscal years, the increase in the number of 7(a) loans approved for Michigan small businesses has been the highest of any district office in the entire country! We were up 368% over that period - 85 points more than the second place district. This is a great accomplishment that SBA and all of our participating lenders can be proud of.

After the first six months of FY 2007, we are on pace to set a Michigan record for 7(a) loans for the 6th year in a row. However, as you can see below, our streak of five consecutive years of new records in the 504 program is in serious jeopardy. Loans to businesses owned by veterans and women are listed below to call your attention to two areas where we continue to need your help. We appreciate your continuing support of SBA's guaranty loan programs.

	FY 2006	FY 2007	Increase
7(a) Loans	1,565	1,721	10%
504 Loans	127	99	-22%
7(a) Dollars	\$193,142,000	\$193,319,000	
504 Dollars	\$61,796,000	\$51,407,000	-17%
Loans to Veterans	75	70	-7%
Loans to Women	267	298	12%



Letter from Herndon National Guaranty Purchase Center

The biggest challenge faced by the National Guaranty Purchase Center (NGPC) is the lack of sufficient documentation to enable the SBA to purchase the guaranty. Just as each Loan Authorization is tailored to the specific loan purpose, so too is the documentation needed to analyze and authorize the honoring of the guaranty.

Over the two years that the NGPC has been processing guaranty purchases, our rejection rate for purchase packages has remained around 75-80%. Within this range are packages that may need just one or two items while others provide only a Demand letter and Wiring Instructions. In every case it is necessary for SBA staff to contact the lender by phone, fax or email and request additional documentation. This process has slowed down the overall processing times for ALL packages submitted for purchase.

Recently, the NGPC has reevaluated the entire guaranty purchase process and has made major improvements in its procedures. Briefly, the Center will have processing teams that will be focused on those packages that are essentially complete upon arrival. Those that cannot be immediately assigned to the processing teams will be returned with instructions to allow for them to be reassembled.

In an effort to make this transition as easy as possible, the NGPC has rethought the basic procedures for purchase package assembly. In addition to the standard checklist (<http://www.sba.gov/banking/ngpc/Docs/ChecklistNEWFORMATTED.doc>) outlining the items required for purchase, the SBA has developed self-guided tabs (<http://www.sba.gov/banking/ngpc/forms.html>) to make the compilation of documents much easier. The Checklist and Tabs will be available on the NGPC Web site (<http://www.sba.gov/banking/ngpc/>) and through our district offices.

In addition, if the Tabs are viewed on the Web site, they will contain links to the Forms library (<http://www.sba.gov/banking/ngpc/forms.html>) which contains copies of all forms needed in the guaranty purchase process. In addition, the Web site will maintain a detailed Tutorial (http://www.sba.gov/banking/ngpc_presentation/ngpc_presentation_files/fullscreen.html) with voice-over-sound that will explain the documents that may be required to complete the guaranty purchase process.

Over the next 30 days, the SBA will be sending emails to approximately 15,000 lending partners outlining the new procedures being put into place at the NGPC. In addition, training materials will be distributed to our district office personnel so they can also assist with the transition and be an additional resource to the 7(a) lending community. The NGPC Web site will also contain links to the new Tabs as well as the Checklist and the Tutorial. All these steps are being taken to dramatically improve the customer service offered by the NGPC as well as to decrease the time required to process and approve guaranty purchase requests.

We thank you in advance for your cooperation and promise to continue to strive to meet your expectations.

Loans to Veterans

In Michigan, loans to veterans continue to be significantly less than the national average - so your attention to veterans would be especially appreciated. In at least a few states, some lenders are providing veterans with preferential pricing terms on SBA guaranteed loans. I'd encourage you to consider doing this in Michigan. You could reduce or even waive the guaranty fee on all loans to veterans, or ones below a certain dollar threshold. This would not only be a good marketing tool, but also a way to reward people who have served our country as they return to your community.



7(a) Centralized Processing

As we reported in the last issue of Bank Notes, all standard 7(a) loan applications are now being processed by SBA's Loan Guaranty Processing Center (LGPC). (The only exception is our Export Working Capital Program.) This new system is going very smoothly, and turnaround times have been consistently around five days. Loan submission instructions and other information are available at www.sba.gov/banking.

The LGPC has informed us of the top ten reasons that loans are being screened out:

1. Repayment ability not demonstrated
2. Incomplete personal fin. statements
3. Affiliate information not included
4. Not pledging collateral
5. Personal resources test
6. Incomplete SBA Form 4
7. Lack of proforma balance sheet
8. Business structure not indicated
9. No SBA Form 4
10. No SBA Form 4-i



Michigan Celebrates Small Business

SBA's 2006 Michigan Small Business Person of the Year and champion awards, which are listed below, will be presented on April 12 during the third annual **Michigan Celebrates Small Business** awards dinner in East Lansing. **Governor Jennifer Granholm** will be the keynote speaker at the premier event in Michigan to recognize the impact of small business and its critical importance to the state's economy. Efforts to grow and diversify Michigan's economy must include a strong and vibrant small business sector. For more information go to www.michigancelebrates.biz.

Michigan Small Business Persons of the Year

Noel Cuellar & Ethan Barde
President & CEO, and VP
Primera Plastics, Inc., Zeeland

National Jeffrey Butland Family-Owned Small Business of the Year

Nancy D. Marshall
President & CEO
Aluminum Supply Co., Detroit

Michigan and Midwest Region Young Entrepreneur of the Year Bruce McCully

President & Founder
Dynamic Edge, Inc., Ann Arbor

Michigan and Midwest Region Veteran Business Champion of the Year

Edward L. Ronders
Director
VetBizCentral, Inc., Flint

Michigan Small Business Journalist of the Year

Ren J. Carlton
President
DAS Professional Services, Troy

Michigan Financial Services Champion of the Year

Patrick M. O'Keefe
Founder & Managing Member
O'Keefe & Associates Consulting,
Bloomfield Hills

Michigan Women in Business Champion of the Year

Doris L. Drain
Vice President – Commercial
United Bank, Grand Rapids

Michigan Minority Business Champion of the Year

Kenneth L. Harris
President & CEO
International Detroit Black Expo, Inc.,
Detroit

Michigan Small Business Counselor of the Year

Jack Caminker
Assistant District Director
Michigan SCORE, Detroit

Updated 7(a) Authorization Wizard

SBA Notice 5000-1016 has announced the release of Version 2007.1 of the National 7(a) Authorization Boilerplate and Wizard. Effective April 5, 2007, this replaces the current Version 2007 on SBA's servers for use by the SBA processing offices.

Beginning April 5th, Version 2007.1 of the 7(a) Authorization will be available to lenders by going to the SBA banking Web site at www.sba.gov/banking. Lenders have until April 30, 2007 to convert to this new version.

This notice will be posted to the Michigan Lenders' page at www.sba.gov/mi/mi_lender-info_notices.html as soon as possible. If you have any questions or concerns, please submit them to the 7(a) Authorization e-mail box at Auth-7a@sba.gov.

Lender Reviews

For your information, the 7(a) and CDC lender oversight guidelines are both available on the SBA's Office of Lender Oversight home page. These are useful for lenders to have so that they can be prepared for their SBA reviews. A shortcut to that link is provided for your convenience below; the guidelines are each listed under "Resources."

Shortcut to: <http://www.sba.gov/olo/on-site-reviews.html>

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Charter One Bank



**Michigan Certified
Development Corporation**



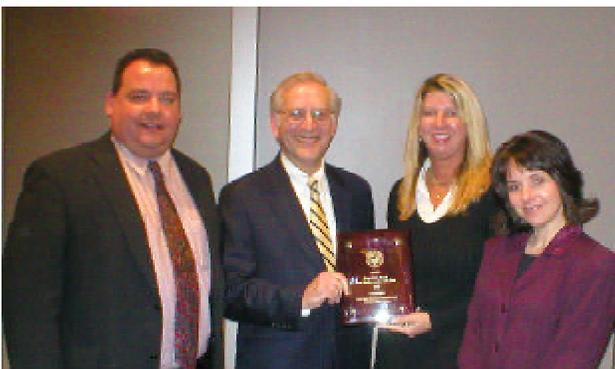
Huntington National Bank



Chase



Fifth Third Bank



Republic Bank



Citizens First Savings Bank

Congratulations to Our Award Winners!