

# SBA NEW JERSEY

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INSIDE THIS ISSUE:

<i>Top SBA Lenders</i>	1
<i>Success Gives Company Good Vibrations</i>	2
<i>Small Businesses See Fewer Loans in 2008</i>	3
<i>Upcoming Events</i>	4

About SBA New Jersey

SBA New Jersey is a quarterly newsletter written and distributed by the U.S. Small Business Administration's New Jersey District Office.

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Helping small businesses **start, grow** and **succeed**.



Your Small Business Resource

## JPMORGAN CHASE IS TOP SBA LENDER IN NEW JERSEY FOR 2008

JPMorgan Chase Bank was recognized by the U.S. Small Business Administration's New Jersey District Office for approving the most loans to New Jersey small business owners during the agency's fiscal year 2008 (the period from October 1, 2007 through September 30, 2008). The Manhattan-based bank approved 259 SBA loans for \$11.7 million to New Jersey small business owners.

For its efforts, **JPMorgan Chase Bank** received SBA's **Diamond Award** at the SBA's Annual Lenders' Awards Ceremony held at the Newark Club in downtown Newark. This year's ceremony was sponsored by New Jersey Business Finance Corp.

SBA New Jersey District Director James A. Kocsi said, "I am pleased to recognize JPMorgan Chase Bank for their strong commitment to making capital available to New Jersey small business owners. Even during these tough economic times, they recognize that small business growth is a vital component of our economy and they continue to meet the loan demand for a growing number of small businesses in our state."

"While much of the credit for SBA's lending to small businesses belongs to **JPMorgan Chase Bank** and the 16 other



**We're Number One**-Frank J. McGourty, Vice President SBA Regional Officer of JPMorgan Chase Bank and his colleague Kishina Heming, Relationship Manager receive the U.S. Small Business Administration's Diamond Award for approving the most SBA loans in New Jersey during fiscal year 2008. JPMorgan Chase Bank approved 259 loans for \$11.7 million. Joining them in the celebration are SBA's Regional Administrator, Michael Pappas (far left), SBA's Assistant District Director of Lender Relations, William C. Boone (2nd from left) and SBA's New Jersey District Director, James A. Kocsi (far right).

lenders that we are recognizing for their accomplishments in providing small firms with capital to grow," said Kocsi. "We thank all of our participating lenders who have used our programs to help small business owners throughout New Jersey."

During fiscal year 2008, New Jersey small business owners received 2,394 SBA-backed loans for \$492.1 million," said Kocsi. "Over the past few months, the SBA has introduced some changes to SBA's 7(a) loan programs in hopes of boosting small business lending in 2009. The challenge small businesses face today is access to capital and SBA is addressing those concerns."

According to Kocsi, SBA recently launched its **Small/Rural Lender Advantage** initiative in New Jersey. The program encourages smaller and/or rural lenders, making 20 or fewer SBA loans a year,

(Continued on Page 3)

## SUCCESS GIVES COMPANY GOOD VIBRATIONS

**O**dilo Vazquez is finding that good vibrations can lead you to success. Vazquez is the president and chief technology officer of Form Fit & Function (F3) Engineering, a Paterson-based company that specializes in the development, design and manufacturing of proprietary motion control products used in military and commercial applications.

While working as an engineer for GE, Vazquez had the chance to interact with several small DOD contractors. The innovation and creativity that these contractors demonstrated only encouraged Vazquez to start his own small business. So in 1999, he formed F3 Engineering. Three years later he secured a small space at the Picatinny Arsenal Incubator in Dover and never looked back.

Along the way, Vazquez discovered the U.S. Small Business Administration's Small Business Innovation Research (SBIR) Program. SBIR provides small businesses like F3 Engineering with the opportunity to obtain research grants through 11 federal agencies that reserve a portion of their R&D funds for grants that are awarded to small businesses. for grants that are awarded to small businesses.

A big breakthrough for the company came in 2001, when Vazquez and F3 Engineering were awarded a Phase I SBIR grant from the Naval Air Systems Command (Navair). The grant enabled the company to conduct the preliminary research and development on a shock and vibration system for potential use in Navy aircraft. One year later, F3 Engineering received a Phase II SBIR grant from Naval Air Systems Command to perform more R&D work and evaluate commercialization potential. Subsequently, a Phase III was awarded as well to complete the R&D work and to prepare units for flight testing.



SBA's SBIR and 8(a) Programs have given Odilo Vazquez of F3 Engineering the ability to grow his company to 23 employees and \$9 million in annual sales.

The end result was that F3 Engineering was able to develop a side lateral engine mount for the Navy's E2-C and advanced Hawkeye aircraft that adequately sustains the shock load associated with aircraft landings, catapult launches and in-flight turbulence.

According to Vazquez, the premise for this technology employs magnetorheological fluids coupled with a closed loop control system that can react to shock and vibration events in under one millisecond. "By utilizing the properties of magnetorheological fluid, we can change viscosity almost instantaneously," said Vazquez. "This technology can tailor the engine mount to react to the dynamic events in real time, automatically. Just think of a Navy fighter plane landing on the deck of a carrier and think of the forces induced by the landing; our technology helps reduce the in-flight vibrations, which causes less wear and tear on the engine and in the long run reduces maintenance costs on the aircraft."

In addition to utilizing SBA's SBIR Program, Vazquez learned about the agency's 8(a) Program. This program gives small business owners access to contracts from the federal government. In 2003, Vazquez received SBA's 8(a) certification. To qualify for the program, a small business must be owned and controlled by a socially and economically disadvantaged individual. Under the Small Business Act, certain presumed groups include African Americans, Hispanic Americans, Asian

Pacific Americans, Native Americans, and Subcontinent Asian Americans. As a Hispanic-American, Vazquez qualified to participate in SBA's 8(a) Contracting Program.

According to SBA New Jersey District Director James A. Kocsi, participants of the program are eligible to be considered for sole-source contracts up to \$3.5 million for goods and services and \$5.5 million for manufacturing. Contracts higher than those amounts must be bid on competitively amongst 8(a) firms.

As a result of becoming an SBA Certified 8(a) company, F3 Engineering has received thirteen 8(a) contracts worth \$3.2 million from several federal government agencies including Navair and the US Army.

"It is great to see small business owners like Odilo Vazquez utilize SBA programs like the Small Business Innovation Research Program and the 8(a) Program to help grow F3 Engineering," said Kocsi. "It is exciting to see a small business develop cutting edge technology that is used in military applications and even more exciting that it is finding its way into commercial applications. We are thrilled to have played a small role in the success that Mr. Vazquez and F3 Engineering are currently enjoying."

As result of their success, F3 Engineering moved out of its incubator space in Picatinny Arsenal and into a 27,000 square foot space in Paterson during February of 2007. The move has enabled Vazquez to take the company to the next level. Today, F3 Engineering employs 23 people and generates in excess of \$9 million in annual revenues. In addition to its government contracts, the company is drawing commercial interest from Boeing, Sikorsky and JPL/NASA.

F3 Engineering has also found a commercial use for its magnetorheological technology by developing a steering damper for high-performance motorcycles. The company has formed a separate company called F3 MotorSports and has teamed up with 14-time Grand Prix National champion, Mike Himmelsbach and more recently with the Aprilia USA motorcycle team, to develop and to perfect the Mark I. The Mark I addresses specific vibration and steering control issues faced in high performance racing.

"I think it is very important for our customers to know that we are not a one-dimensional company and that we have the capabilities and expertise to do custom design work," said Vazquez. "The target is to grow and develop this company into a \$20 million business."

## Fewer SBA Loans for Small Businesses in 2008

**T**he U.S. Small Business Administration (SBA) reported that there were 33 percent fewer loans for New Jersey small business owners in 2008.

According to SBA New Jersey District Director, James A. Kocsi, state small business owners received 2,394 loans for \$492.1 million during the agency's fiscal year 2008, the period from October 1, 2007 through September 30, 2008. This year's loan approvals were down 33 percent and the total dollars were down 16 percent from a year ago, when the agency approved 3,557 loans for \$585.5 million during fiscal year 2007.

"This year's credit crunch com-

bined with unfavorable economic conditions has taken its toll on our ability to provide small business owners with the levels of capital this office is accustomed to generating," said Kocsi.

Kocsi noted the drop in loans was mostly due to some large national and regional banks that curtailed lending under the **SBAExpress** loan program. Under this popular program, the SBA guarantees loans up to \$350,000 that can be structured as term loans or revolving lines of credit. "One year ago, the **SBAExpress** loan program accounted for 72 percent of our loan approvals," said Kocsi. "During fiscal year 2008, these loans declined steadily to the point that by the end of the

year they were representing less than 40 percent of our loan approvals."

"To offset the drop in lending and to offer businesses more choices to obtain loans, the SBA is aggressively recruiting new partners," said Kocsi. "A new initiative called the Small/Rural Lenders Advantage program targets small community banks and credit unions and enlists them to provide SBA loans up to \$350,000. This initiative simplifies the application process to facilitate the entry of new lending partners or those with limited SBA experience. These efforts are helping to bridge the credit gap caused by the banks that cut back business lending."

"I want small business owners to know that

*(Continued on Page 4)*

## SBA Honors Top New Jersey Lenders

(Continued from Page One)

to offer SBA loans by streamlining the application and approval process for loans up to \$350,000.

"We have targeted 45 lenders throughout New Jersey to participate in this initiative," said Kocsi. "We view this program as one of the ways to increase SBA lending activity in New Jersey."

Kocsi also noted that the addition of a new base interest rate on SBA loans should help increase the number of loan approvals during fiscal year 2009. "By allowing lenders to use the London Interbank Offered Rate (LIBOR), as well as the prime rate, we are giving our network of lenders the flexibility to give small business owners greater access to capital," said Kocsi. "Another change allows for a new method of assembling SBA loans into pools for sale in the secondary market, which will facilitate the return of capital to our lenders and allow them to make more loans."

SBA awarded five Gold Awards to lenders approving between 125 and 245 loans throughout the year. **PNC Bank** of Pittsburgh, PA approved 229 loans for \$17.7 million; **TD Bank** of Cherry Hill approved 202 loans for \$74.5 million; **Bank of America** of Charlotte, NC approved 179 loans for \$5.7 million; **Innovative Bank** of Oakland, CA approved 167 loans for \$4.3 million; and **BNB Bank** of Fort Lee approved 133 loans for \$42.3 million.

Two lenders received **SBA's Silver Award** for approving between 75 and 124 loans during the year. **Banco Popular North America** of Chicago, IL approved 116 loans for \$14.3 million; and **Valley National Bank** of Wayne approved 83 loans for \$14.7 million.

Seven lenders received **SBA's Bronze Award** for approving between 50 and 74 loans during the year. **Millenium bcpbank** of Newark approved 65 loans for \$5.9 million; **Sovereign Bank, N.A.** of Reading, PA approved 65 loans for \$5.6 million;

**New Jersey Business Finance Corp.** of Fort Lee approved 56 loans for \$49.5 million; **Cooperative Business Assistance Corporation** of Camden approved 56 microloans for \$1 million; **Unity Bank** of Clinton approved 55 loans for \$12.7 million; **1<sup>st</sup> Constitution Bank** of Cranbury approved 53 loans for \$11.8 million; **Capital One Bank** of McLean, VA approved 50 loans for \$2.1 million.

**Six District Director Awards** were presented to the following lenders: **TD Bank** was recognized being the **#1 lender in Total Dollars**, by approving \$74.5 million in loans; **Bank of America** was recognized for being the **#1 participating lender in the 504 Loan Program** with 16 first mortgage loans for \$12.5 million. Breakthrough Lender awards went to **Central Jersey Bank, NA** of Long Branch with 32 loans for \$11.8 million and to **BankAsiana** of Palisades Park for approving 24 loans for \$9.7 million. **PNC Bank** was recognized for being **#1 in Veteran-Owned Business Loans**, approving seven loans for \$381,300; and the **Cooperative Business Assistance Corporation** also received an **SBA District Director Award** for being **SBA's #1 MicroLoan Intermediary**, approving 56 SBA MicroLoans for \$1 million.

## Upcoming Events

**Personal Branding  
For Your Small Business**  
Tuesday, December 9, 2008  
10:00 a.m.—1:00 p.m.  
NJAWBO at the SBA  
Two Gateway Center –15th Fl.  
Newark, NJ 07102  
Fee: None  
For Information:  
(973) 507-9700

**Building & Financing Your  
Business with the SBA**  
Friday, December 12, 2008  
9:00 a.m.—11:30 a.m.  
Centenary College SBDC  
400 Jefferson Street  
Hackettstown, NJ  
Fee: None  
For Information:  
(908) 852-1400 xt-2136

**Financial and Technical Assis-  
tance for Small Business**  
Monday, December 15, 2008  
6:30 p.m. 9:00 p.m.  
Logan Township Library  
498 Beckett Road  
Logan Township, NJ 08085  
Fee: None  
For Information:  
(856) 223-6025

**Starting and Managing Your  
Own Business**  
Tuesday, January 20, 2009  
9:00 a.m.— 2:30 p.m.  
SCORE at the SBA  
Two Gateway Center—15th Fl.  
Newark, NJ 07102  
Fee: \$35 Includes book  
For Info: (973) 645-2434

## SBA's NEW JERSEY TOP LENDERS IN 2008

(SBA's Top Lenders List is Based on the Number of SBA Loan Approvals)

Lender	# of Loans	\$Amount	Award
1) JPMorgan Chase Bank	259	\$11.7 Million	Diamond
2) PNC Bank	229	\$17.7 Million	Gold
3) TD Bank	202	\$74.5 Million	Gold
4) Bank of America	179	\$ 5.7 Million	Gold
5) Innovative Bank	167	\$ 4.3 Million	Gold
6) BNB Bank	133	\$42.3 Million	Gold
7) Banco Popular North America	116	\$14.3 Million	Silver
8) Valley National Bank	83	\$14.7 Million	Silver
9) Millennium bcpbank	65	\$ 5.9 Million	Bronze
10) Sovereign Bank	65	\$ 5.6 Million	Bronze
11) NJ Business Finance Corp.	56	\$49.5 Million	Bronze
12) Cooperative Business Assistance Corporation	56	\$1.0 Million	Bronze
13) Unity Bank	55	\$12.7 Million	Bronze
14) 1 <sup>st</sup> Constitution Bank	53	\$11.8 Million	Bronze
15) Capital One Bank	50	\$ 2.1 Million	Bronze

## Fewer Loans in 2008

### Continued from Page 3

the SBA is ready to assist them with loan guaranties and that we have many lenders who are making loans," added Kocsi. "This is confirmed by trends which show a number of banks, led primarily by smaller community based institutions, with increased SBA loan activity."

Despite the decreases in total lending, the SBA did see gains with its Certified Development Company (CDC) loan program. The CDC loan program provides small business owners with fixed-asset loans to purchase buildings, machinery and equipment. There were 90 CDC loans approved for a total of \$70 million in fiscal year 2008. This was up 17 percent from the 77 loans for \$69 million approved in the prior year.

SBA's MicroLoan program also saw a modest increase in the number of microloans approved. The MicroLoan program is supported by four SBA approved intermediaries in New Jersey who provide small business owners with financing needs up to \$35,000. During fiscal year 2008, small business owners received a total of 124

microloans for \$2.3 million. This was up slightly from the 122 microloans that were approved for \$2.3 million during fiscal year 2007.

Kocsi also noted that the average SBA loan in New Jersey was for \$206,140, which was up from the \$164,605 average loan in 2007.