

SBA: Helping Community Banks Become Part of the Small Business Credit Solution

Jennifer Hutchison, a loan officer at Gunnison Bank and Trust Company in Gunnison, Colorado, has been making small business loans for years. When credit markets froze and small businesses started suffering, more and more of her customers started asking about the SBA. While the bank had always done a small amount of SBA lending, Jennifer decided that it would be a good time to take it to the next level.

When looking for capital, many small business owners turn to their local community banks. For small businesses, community banks have a number of benefits. Lenders at banks like Gunnison Bank and Trust Company have a vested interest in supporting the businesses of the communities where they live and work. So it's no surprise that many community banks have a strong partnership with small businesses and the SBA.

SBA has made it a goal to expand small businesses' access to capital by increasing the number of banks we partner with. With help from the Recovery Act, more than 1,300 lenders who hadn't made an SBA loan since 2007 have returned to SBA lending. Our goal is to have 3,000 active lending partners, having made at least one SBA loan in the last 12 months, by September 2011. We're already getting close, and we're relying on community banks to help us get all the way there.

Any bank, large or small, can become an SBA lender, and while many large banks have thriving SBA lending programs, the majority of our lenders are community banks. In fact, banks with less than \$10 billion in assets make two-thirds of all loans to small businesses, despite the fact that they only make up 23 percent of the country's banking assets. More community banks are becoming SBA lenders every day, because SBA lending provides another means of supporting small businesses in their community.

We know that starting up an SBA lending program can seem difficult for smaller banks, which is why we offer more support and assistance to small lenders, and have programs designed specifically for small and community banks. A great example is our Small/Rural Lender Advantage program (SRLA). For lenders making an average of 20 SBA loans or fewer each year, SRLA makes it easy with a streamlined application process. The program, which offers an 85 percent guarantee on loans up to \$150,000, and a 75 percent guarantee on loans from \$150,000 to \$350,000, has a *simplified* loan eligibility questionnaire, and lenders can transmit applications via fax or as attachments to e-mails. Once you get started, you can count on most SRLA loans being processed in 3-5 days thanks to centralized, expedited processing. In all cases, our local SBA district office is ready to work with you and guide you through the process.

With SBA's guarantee, you can keep a loyal small business that relies on your bank for their every day banking needs, even when the business doesn't quite meet your loan eligibility requirements. In addition, our guarantee frees up capital. The guaranteed portion of SBA loans has a reduced capital requirement, which allows you to stretch your available capital and make even more loans. Simply put, SBA lending helps you make more loans and reach more customers.

And we're committed to helping our lenders every step of the way. In order to brush up on her SBA skills, Jennifer sought help from Lynnette Newman, Senior Lending Relations Specialist in SBA's Colorado

District Office. Lynnette spent some time going over the SBA's Standard Operating Procedures and making sure Jennifer knew the ins-and-outs of making an SBA loan. When the Recovery Act passed, Lynnette walked Jennifer through the changes to our programs, including the increased guarantees and reduced fees that have been so successful. Their personal, one-on-one interactions gave Jennifer the confidence and know-how to make the SBA loans her customers were asking for.

Gunnison Bank and Trust approved one SBA 7(a) loan in FY 2009. So far this fiscal year, the bank has already approved three loans. Jennifer told us that the variety of services SBA offers, from revolving lines of credit, to inventory financing and even temporary debt relief, help her meet the needs of many of her small business customers. With support from the SBA, and help from our dedicated district office staff, Jennifer can make more loans and work with more small businesses in her community.

There are thousands of businesses out there that rely on community banks for their banking needs. By partnering with the SBA, you can offer even more resources to help meet the needs of your small business customers as they grow and create jobs all across the country.