

## U. S. Small Business Administration

SBA Boise District Office  
380 E Parkcenter Blvd.  
Suite 330  
Boise, Idaho 83706  
208-334-9004  
[www.sba.gov/id](http://www.sba.gov/id)

# DOLLARS & SENSE

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### Boise, Idaho



Photo By Lance Foster

Helping small businesses start, grow and succeed.



Your Small Business Resource

## SBA STEPPING UP EFFORTS TO ASSIST DURING CURIOUS TIMES

SBA is strongly encouraging its participating 7(a) lenders and Certified Development Companies to work with business borrowers to provide them with the flexibility they need to keep their businesses running during these difficult economic times.

- The SBA is reminding participating lenders they have the authority on a case-by-case basis to extend temporary payment relief for qualifying borrowers with 7(a) and 504 loans who are struggling to make their payments.
- The SBA is asking its lenders to not broadly call borrower loans due to changing financial variables, such as fluctuations in personal credit scores, declining collateral values, and reduced home equity, which are currently affected by the disruption in the financial markets.



## SBA AUTHORIZATION WIZARD CHANGED

SBA is replacing the recently released Version 2009 of the National 7(a) Authorization Wizard and Boilerplate with Version 2009.1. This change is being made in order to accommodate the recent addition of One Month LIBOR plus 3 Percent as an allowable Base Rate option (as specified in Notice 5000-1081) and to include the requirement that the interest rate to use when ascertaining the base rate component of the initial rate is the interest rate in effect on the first business day of the month in which SBA receives the application (as specified in Notice 5000-1082) rather than the rate in effect on the actual day the application is received by SBA.

Lenders may access Version 2009.1 of the 7(a) Authorization by going to the SBA Banking website, [www.sba.gov/banking](http://www.sba.gov/banking) and clicking on the 'Authorizations' hyperlink or by using [www.sba.gov/aboutsba/sbaprograms/elending/authorizations/](http://www.sba.gov/aboutsba/sbaprograms/elending/authorizations/).

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On November 13, 2008, SBA published an interim final rule that changed the definition of “base rate” set out in 13 CFR 120.214(c) to allow a new optional base rate: One Month LIBOR plus 3 percentage points (“LIBOR Base Rate”). On November 14, 2008, SBA issued Procedural Notice 5000-1081 to explain the addition of the LIBOR Base Rate.

In addition to adding a new base rate, under the revised regulation, the base rate in effect on the first business day of the month will determine the basis for the initial interest rate for any loan application received by SBA during that month. (Historically, the initial interest rate was determined as of the date the loan application was received by SBA.)

As a result of these changes, SBA has revised the relevant loan application forms as well as the Loan Authorization to accommodate the new LIBOR Base Rate. SBA Form 1920SX - Part B (Supplemental Information for SBA Express, Pilot Loan Programs and PLP Processing), SBA Form 2238 SBA Express/Patriot Express Guaranty Request (Eligibility Authorized), and SBA Form 2301 (Part B) (Lender Advantage Initiative – Lenders Application for Guaranty) have replaced “P + \_\_\_\_” with the following data requirements. (SBA Form 4-I, Lender’s Application for Guaranty or Participation, already has a space in which to identify the optional base rate.)

oPrime rate*	= _____ + Spread _____ = Loan Interest Rate: _____
oLIBOR *(1 month) + 3.0%	= _____ + Spread _____ = Loan Interest Rate: _____
oSBA Peg Rate	= _____ + Spread _____ = Loan Interest Rate: _____

For example, if an application is received by SBA in November of 2008 (on or after the effective date of Notice 5000-1081), the following would be the applicable base rate options:

**Prime:** 4.0 % (as in effect on the first business day of November)

**LIBOR:** 2.36 % (as in effect on the first business day of November) + 3.0 % = 5.36

**SBA Peg Rate:** 4.63 % (as in effect for the period between October 1, 2008 and December 31, 2008)

The applicable loan interest rate would then be the “base rate + the spread.”

As noted in Notice 5000-1081, these changes are applicable to 7(a) loan applications that lenders may currently have internally in process, but they are not applicable to loan applications that have already been received by SBA or loan applications that have been approved by SBA. As a result, lenders cannot change the base rate of an existing SBA-guaranteed loan through a servicing action.

SBA field offices should advise lenders of these changes. Questions or concerns may be directed to Gail Hepler at [gail.hepler@sba.gov](mailto:gail.hepler@sba.gov).

## SBA BOISE DISTRICT OFFICE HOLDS OPEN HOUSE

November 6th marked the Boise District Office's open house and served as the official meet and greet for Director Norm Proctor. Participants included a wide variety of guests including Bank Officials, SBA resource partners, and the general public. Guests were provided an opportunity to tour the district office and speak with Norm personally. In light of the recent trends in the economy, Norm wanted to convey a message to our honored guests that the SBA is a committed partner in helping to re-establish the mainstream of small business lending. The two-hour event was highlighted by Norm addressing the audience, capped off by a group photo. Relationship building is even more critical during these current economic times and it hoped that these types of events will forge relationships and solidify SBA's presence in our communities.



## FROM THE DIRECTOR'S DEN



As you reflect on the holiday season, take a moment to enjoy the things that are important such as the family and work associates who have been instrumental in your lives. Though challenging times have dawned upon us, I encourage you to take solace in the very notion that for every prosperous time comes some not so prosperous times. Adaptability should be every small business owner's watch word for the New Year and through that adaptability one can expect to continue on the road to success. The past year (2008) will largely be remembered as a year full of financial uncertainty, unstable markets, and tightening credit standards. Realizing that this has changed the face of small business, the SBA is committed to exploring initiatives that will hopefully alleviate some of the economic pressures being seen across the country by both small business owners and finance professionals alike. Nonetheless, realize that the collective spirit of success is not made up of any one business or idea, rather the culmination of inspiration, sound financial practices, and a strong network of commerce. In closing, it gives me great pleasure to wish you and your families on behalf of the SBA Boise District Office a safe and happy holiday season.

Sincerely,

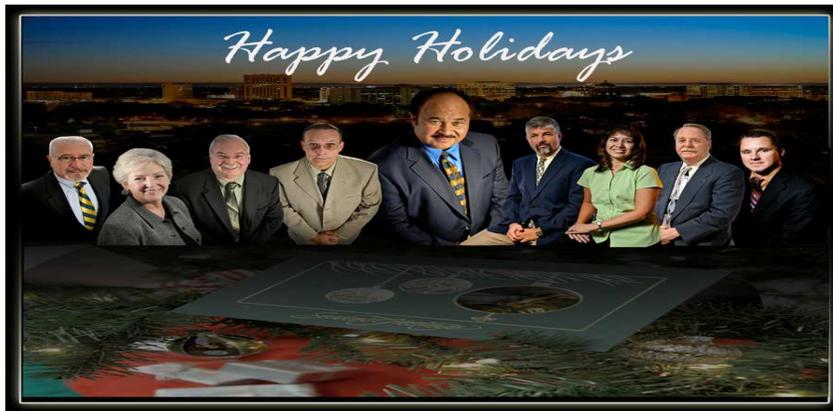
*Norm Proctor*

## LOAN STATISTICS ENDING NOVEMBER FY 2009

Bank	#	Amount
Zions Bank	15	\$1,446,000
Mountain West Bank	11	\$540,000
U.S. Bank	11	\$234,600
Wells Fargo Bank	4	\$1,536,600
Bank of Idaho	4	\$593,500
Excel National Bank	2	\$1,025,500
Banco Popular North America	2	\$591,300
D L Evans Bank	2	\$268,400
CIT Small Business Lending	1	\$1,900,000
America West Bank	1	\$710,000

Certified Development Companies		
Capital Matrix, Inc.	3	\$852,00
Region IV Dev.Corp.	4	\$1,168,000
Eastern Idaho Dev. Corp	2	\$1,097,000



### FREE CLASSES TO THE PUBLIC

<p><b>Boise Business Basics</b></p> <p>380 E Parkcenter Blvd Suite 330 Boise, Idaho</p> <p>January 13 February 10</p> <p>4:30pm to 6:30pm</p>	<p><b>ABC's of SBA Business Loans</b></p> <p style="text-align: center;"><b>Boise</b></p> <p style="text-align: center;">January 15th January 29th</p> <p style="text-align: center;">11:45am to 12:45 pm</p> <p style="text-align: center;"><b>Nampa</b></p> <p style="text-align: center;">January 27th</p> <p style="text-align: center;">4:30pm to 5:30pm</p>	<p><b>Nampa Business Basics</b></p> <p>Hispanic Cultural Center 315 Stampede Drive Nampa, Idaho</p> <p>February 24th</p>
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