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## Karen Gordon Mills Confirmed by Senate as SBA Administrator



SBA Administrator Karen Gordon Mills

The U.S. Senate has confirmed by unanimous consent President Barack Obama's nomination of Karen Gordon Mills as the 23<sup>rd</sup> Administrator of the U.S. Small Business Administration.

"Small business is the backbone of the American economy," Mills said upon her confirmation. "The SBA has a vital role to play in supporting our nation's small businesses so that they can be the key driver in getting our economy moving again. I look forward to leading this critical agency at this important time. I want to thank President Obama for this opportunity to serve as a voice for our nation's small business owners and entrepreneurs," Mills said. "I would also like to express my appreciation to Darryl Hairston for his leadership as Acting Administrator during this transition, along with everyone at the SBA for the hard work they are doing to implement the important programs of the Recovery Act."

In testimony on April 1 before the Senate Committee on Small Business and Entrepreneurship, Mills discussed her hands-on experience managing and helping to grow small businesses.

"I was there on the factory floor in Arkansas and Ohio working to weather the recession of the early '90s," she said. "Those experiences give me a deep understanding of what our small businesses need today to survive this downturn and to prosper in the years ahead. Since then, I have helped grow companies in organic food, and women's media, and spent time in rural Maine working with our boat builders and composite technology to help them compete throughout the globe. The sum of my experience is this: I am a believer in American small business. I am a believer in America's ability to manufacture goods and services that are world class, and I am a believer in America's spirit of entrepreneurship. This spirit is one of our country's greatest assets and we need to cultivate it today, more than ever."

As Administrator of the SBA, Mills will direct a federal agency with more than 2,000 full-time employees, with a leading role in helping small business owners and entrepreneurs secure financing, technical assistance and training, and federal contracts. SBA also plays a leading role in disaster recovery by making low interest loans.

Mills, of Brunswick, Maine, was president of MMP Group and has a 25-year career of investing in and growing small businesses. In 2007, she was appointed by Maine Gov. John Baldacci as chair of the state's Council on Competitiveness and the Economy, where she focused on attracting investment in rural and regional development initiatives. She also co-authored a Brookings Institute paper on competitive clusters. Mills is also a member of the Council on Foreign Relations and has served as vice chairman of the Harvard Overseers. She holds a degree in economics from Harvard University and an MBA from Harvard Business School, where she was a Baker Scholar. ♦

## The American Recovery and Reinvestment Act of 2009:

As we receive updates on SBA's loan programs and services, our lenders and resource partners will be notified immediately. This information will also be posted at [www.sba.gov/oh](http://www.sba.gov/oh). Other sites to watch:

- [www.sba.gov/recovery](http://www.sba.gov/recovery)
- [www.recovery.gov](http://www.recovery.gov)
- [www.recovery.ohio.gov](http://www.recovery.ohio.gov)

## Business.gov Launches First Government-Sponsored Online Community for Small Businesses

SBA's Business Gateway Program has announced the launch of a new Web initiative – <http://Community.Business.gov> – the first government-sponsored online community built specifically for small businesses. The objective of the Business.gov Community supports the White House's mission to create a transparent and connected democracy, and aims to provide small business owners, bloggers, and the government with a place to discuss and share information about starting and running a successful business.

An extension of Business.gov, the Business.gov Community combines discussion forums, blogs, an idea exchange, and more, and offers advanced tools for navigating the labyrinth of government resources, policies, laws, and opportunities that impact the small business owner.

## Loan Report as of March 31, 2009

### 7(a) and 504 Loans Combined

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	84	\$12,325
National City Bank	33	\$4,502
US Bank	33	\$5,273
Charter One Bank/RBS Citizens	31	\$2,405
KeyBank	27	\$4,993

### 504 Loans

Bank	Number 504 Approvals
National City Bank	5
Huntington National Bank	3
CFBank	2
Charter One Bank/RBS Citizens	2
First Federal Bank	2
FirstMerit Bank	2

CDC	Number 504 Approvals	Dollars (In Thousands)
Cascade Capital Corp.	10	\$4,230
Lake County SBAC	8	\$2,404
Growth Capital Corp.	7	\$2,148
Northwest Ohio Dev. Ass't.	4	\$3,038
West Central Partnership	2	\$2,038
Horizon Certified Dev. Co.	1	\$1,172
SEM Resource, Inc.	1	\$1,732
Stark Development Board	1	\$1,315

In addition to providing a "home" where users can share expertise and unique experiences, the site also provides a pioneering opportunity for small businesses to provide direct input into Business.gov and voice the ways government and the online community can better serve them.

Over the next few months, the Business.gov Community will expand to include additional features and resources that address specific user interests and provide access to the wider pool of government and Business.gov partner resources available to the small business owner.

Business.gov is managed by the U.S. Small Business Administration in partnership with 21 other federal agencies. This partnership, known as Business Gateway, provides innovative information services to the small business community that save time and money, engage citizens to participate, and enable collaboration across all key levels of government. Launched in 2004, Business.gov provides a single access point to government services and information to help the nation's businesses with their operations. ♦

## Recovery Act Gives SBA Tools to Boost Small Businesses

By Gil Goldberg, District Director

The Obama Administration is determined to employ the American Recovery and Reinvestment Act and the Small Business Administration to make a big dent in the small business credit crunch.

The goal for SBA is jump-starting job creation, re-starting lending, and promoting investment in small businesses.

The Recovery Act provides SBA with \$375 million to temporarily eliminate loan fees and raise guarantee limits up to 90 percent on most types of 7(a) loans. It temporarily eliminates 504 loan fees for both borrowers and lenders. SBA estimates these provisions will apply to approximately \$8.7 billion in 7(a) loans and \$3.6 billion in 504 loans and last through calendar year 2009.

To help small businesses compete for construction and service contracts, the Act allows SBA to more than double the amount it can offer for SBA-backed surety bonds – from a previous \$2 million maximum to \$5 million.

An element already in place – SBA's Microloan program – received additional funding for up to \$50 million in new loans. This capital is available today for new loans of up to \$35,000 and accompanying technical assistance through SBA's non-profit, community-based lenders.

In another step, the Treasury Department plan has committed up to \$15 billion in TARP funds to help unfreeze small business lending by purchasing existing and new SBA-backed loans made by banks. This will free up capital for lenders to use for future lending, particularly benefiting small, community and non-bank lenders.

The Recovery Act authorizes the SBA to use its 504 program in various ways: to refinance existing loans for fixed assets in a business expansion project; to use its guarantee authority to establish a secondary market; and to make loans to broker-dealers who buy 504 loans from lenders.

Significant interest has been shown in a new program funded by the Act – tentatively called America's Recovery Capital, or "ARC" Stabilization Loans. Once in place, this temporary program funded to \$255 million, will offer deferred-payment loans 100 percent guaranteed by SBA for up to \$35,000 to viable small businesses that need help making up to six months' worth of payments on existing, qualifying, non-SBA backed loans.

The Act also helps to make venture capital available to smaller businesses by raising the funds SBA-licensed Small Business Investment Companies can receive if they raise small business investments by five percent.

SBA staff is working hard to implement the rest of the Recovery Act's programs. Although there are many moving parts, SBA's aim is to implement these programs quickly and effectively for as rapid an affect on small business credit markets as possible.

Let me emphasize that all of SBA's existing programs are open for business. We back new loans and provide training, technical and contracting assistance to entrepreneurs every day. Be assured the SBA is working overtime. We know small businesses have a proven ability to create new jobs and commerce. The next phase of our economic recovery rests in their hands. ♦

## News For Our Lending Partners

### Implementation of Major Loan Program Enhancements

Effective March 16, 2009, SBA implemented the following loan program enhancements:

- **Temporarily raise guarantees to up to 90 percent on SBA's 7(a) loan program**, through calendar year 2009, or until the funds are exhausted. This increase in guarantee levels will help provide banks with the greater confidence they need to extend credit during the current recession, will mean more capital available to small business owners around the country.
- **Temporarily eliminate fees for borrowers on SBA 7(a) loans and for both borrowers and lenders on 504 Certified Development Company loans**, through calendar year 2009, or until the funds are exhausted. This will mean more capital available to small businesses at a lower cost. The fee elimination is retroactive to February 17, the day the Recovery Act was signed. SBA is developing a mechanism for refunding fees paid on loans since then.

Additionally, President Obama also announced that the Treasury Department will commit up to \$15 billion to help unlock the frozen credit markets by purchasing small business loan securities currently frozen on the secondary market.

For more information on these changes, please contact your Lender Relations Specialist at 216-522-4180.

### 3rd Quarter "Peg" Rate, and Maximum Interest Rate of a Third Party Lender Loan for a 504 Project

The optional peg rate for fluctuating interest rates on guaranty loans is 3 3/8 percent (3.375%) for the April - June quarter of FY 2009.

Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for any third party lender's commercial loan which funds any portion of the cost of a 504 project (see 13 CFR 120.801) shall be 6% over the New York Prime rate or, if that exceeds the maximum interest rate permitted by the constitution or laws of a given State, the maximum interest rate will be the rate permitted by the constitution or laws of the given State. ♦

*If you have any questions on this or any SBA loan matter, please contact our Lender Relations division at (216) 522-4180.*



## Recovery Act Lender Roundtables & Congressional Outreach Seminars Held Around the District

The Cleveland District Office has been very busy with lender roundtables and seminars with the Congressional representatives in the District. Lender Roundtables were held in Akron, Toledo, Painesville, Youngstown, New Philadelphia, Salem, and Cleveland. Congressional Outreach seminars for the public were held with Congressman Tim Ryan, Congressman Steve LaTourette, and Congresswoman Marcy Kaptur. Upcoming seminars are scheduled with Ohio Senator Sherrod Brown and Congresswoman Marcia Fudge.

The focus of all these roundtables and seminars is the recently passed Recovery Act, which the President signed into law on February 17<sup>th</sup>. The Recovery Act provides SBA with new tools for lending in this tough recessionary economy. Provisions in the Recovery Act include increasing the SBA guarantee to 90% for certain loans, the elimination of upfront guarantee fees, and providing 100% guaranteed Business Stabilization Loans (up to \$35,000) for businesses that are experiencing difficulty in making their loan payments. The Act also authorizes the SBA to provide liquidity to the secondary market, so the banks can sell the loans and re-employ their capital back into the small business marketplace.

Bankers, small business owners, and would be entrepreneurs are very interested and excited over the hope and possibility that these new Recovery Act tools will soon help unlock the credit markets and begin economic recovery in the small business sector. ♦ (more photos page 5)



*SBA Cleveland District Office Director Gil Goldberg details the Recovery Act for attendees of the Congressman Ryan Outreach Seminar.*



*Over two hundred and fifty members of the community attended the event.*



*At the Youngstown Lender Roundtable SBA District Director Goldberg and Sharon Woodberry, Director, City of Youngstown Office of Economic Development*



*Youngstown area lenders (from left to right) James Duff of Cortland Bank, John Yurchison of First Place Bank, and Pete Noll of Farmers National Bank*

## Recovery Act Lender Roundtables & Congressional Outreach Seminars:

*Photos from the Cleveland Lender Roundtable*



*District Director Goldberg conducts a roundtable with Cleveland area lenders.*



*Lisa Rucker and Suzanne Ferrara of National City Bank*



*(from left to right) Jack Schneider and Kate Kerr of Fifth Third Bank with Julie Ann Sweet of KeyBank*



*SBA Export Finance Manager Patrick Hayes and District Director Gil Goldberg*

## Recovery Act More Than Doubles Surety Bond Guarantee Ceiling for Small Businesses

*Move Could Help Spur Much Needed Construction Growth*

Effective March 27, 2009, small businesses that need surety bonds to compete for construction and service contracts can qualify for U.S. Small Business Administration-backed surety bonds of up to \$5 million. The higher amount, a result of the Recovery Act, is more than double the previous \$2 million maximum surety bond guaranteed by SBA. Through SBA's Surety Bond Guarantee program, SBA guarantees bid, payment and performance bonds. Surety bonds protect the project owner against financial loss if contractors default or fail to perform. SBA partners with the surety industry to help small businesses that would otherwise be unable to obtain bonding in the traditional commercial marketplace. Under the partnership, SBA provides a guarantee to a participating surety company of between 70 and 90 percent of the bond amount.

Additional program enhancements contained in the stimulus bill will be announced soon in the *Federal Register*. Among these changes is a provision that will allow SBA to guarantee a bond on a federal contract up to \$10 million following certification by the contracting officer that the bond guarantee is required. In recent years SBA has taken a number of steps to reinvigorate its Surety Bond Guarantee Program and make it easier for small businesses to obtain bonds. In 2007, SBA established a more flexible pricing structure, allowing Preferred Surety Bond Sureties to charge current state rates rather than being locked into rates that were established several years ago. Industry associations have commended SBA for these new changes and SBA continues to encourage surety bond providers and agents to actively participate in the program. In the past year, SBA also implemented a new electronic bond application process. Small businesses and surety companies participating in the SBA prior approval program are able to transmit application forms electronically to help expedite review and approval processes. The SBA also re-engineered the claims reimbursement process to shorten the cycle time between submission of a claim for reimbursement by a surety company and payment by the government. ♦

SBA assistance in locating a participating surety company or agent and completing application forms is available online. For more information on SBA's Surety Bond Guarantee Program, go online to <http://www.sba.gov/osg/> or call 1-800-U ASK SBA.