



October 2007

**U.S. Small Business Administration
Cleveland District Office**

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**October 2007 Newsletter
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**For More Information
SBA Home Page: www.sba.gov**

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam.
- SBA Answer Desk:
1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov

All of the SBA's programs and services are provided to the public on a non-discriminatory basis.



An Important Message from SBA Administrator Steve Preston

*Dear Supporters of America's
Small Business Community:*



Every year since 1963, the President has proclaimed National Small Business Week to recognize the contributions of small businesses to the strength and economic well-being of America. Each year, the U.S. Small Business Administration also recognizes the special impact made by outstanding small business owners, and by champions of America's entrepreneurs.

In 2008, National Small Business Week will honor the estimated 25.8 million small businesses in America. Small businesses are the backbone of the American economy, and their impact is huge. They represent 50 percent of the non-farm GDP. They also create 60-80 percent of new jobs in the country. Through the work of entrepreneurs, jobs are created, families are given hope for a better life, and indeed, whole communities are transformed.

National Small Business Week is an important moment to showcase and recognize some of the most successful and inspiring of these entrepreneurs. We need your assistance in finding, and nominating candidates for these awards. Please take the time over the coming weeks to identify outstanding small companies in your district and to champion them through this nomination process. With your support of the finest candidates in your region, you will be helping our national recognition efforts immensely.

Warm regards,

Steven Preston
Administrator

All SBA programs and services are provided on a nondiscriminatory basis.

If you know of someone deserving of consideration for these prestigious awards, please contact Jim Donato at (216) 522-4180, ext. 215.

News for SBA Lending Partners

1st Quarter “Peg” Rate and Direct Interest Rate

The interest rate on Section 7(a) Direct Business Loans is 6 percent (6%) for the fiscal quarter beginning October 1, 2007. (Information only – no direct funds available at this time).

The optional peg rate for fluctuating interest rates on guaranty loans is 5 1/8 percent (5.125%) for the October - December quarter of FY 2008.

Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for a commercial loan which funds any portion of the cost of a project (see 13 CFR 120.801) shall be the greater of 6% over the New York prime rate or the limitation established by the constitution or laws of a given State.

Changes to 7(a) and 504 Guaranty Fees Effective October 1, 2007

Each year SBA reviews the fees payable to SBA by 7(a) participating lenders (Lenders), and certified development companies (CDCs) as well as the borrowers to determine if they are sufficient to cover the estimated costs of the 7(a) and 504 loan programs. The purpose of this notice is to announce the revised fees for both programs for loans approved during FY 2008, beginning October 1, 2007. These fees are imposed under Section 7(a)(23) of the Small Business Act and Section 503(b)(7) of the Small Business Investment Act. These fees plus the other fees paid to SBA will keep each of these lending programs at a zero subsidy rate. At this time, there are no changes to any of the other fees payable to SBA in either the 7(a) or 504 loan programs.

7(a) Loan Program

For 7(a) loans approved on or after October 1, 2007, the “yearly fee” due from participants to SBA will be 0.494

LOAN REPORT as of September 30

Total Loan Volume – SEPTEMBER 2007 (7(a) and 504 Combined)

| Bank | Number of Loans | Dollars (In Thousands) |
|-----------------------------------|-----------------|------------------------|
| National City Bank | 328 | \$35,011 |
| Charter One Bank/RBS Citizens, NA | 268 | \$10,650 |
| Huntington National Bank | 204 | \$19,985 |
| JP Morgan Chase Bank | 167 | \$18,879 |
| U.S. Bank | 152 | \$10,182 |

504 Loans

| Bank | Number of 504s |
|--------------------------|----------------|
| National City Bank | 23 |
| FirstMerit Bank | 19 |
| Key Bank | 12 |
| Huntington National Bank | 12 |
| Sky Bank | 10 |

| CDC | Number of Approvals | Dollars (In Thousands) |
|--------------------------------|---------------------|------------------------|
| Growth Capital Corp. | 51 | \$19,602 |
| Cascade Capital Corp. | 26 | \$17,011 |
| Stark Development Board | 15 | \$4,440 |
| Lake County SBAC | 12 | \$3,006 |
| Mahoning Valley Econ Dev Corp. | 12 | \$4,281 |
| Community Capital Dev Corp. | 11 | \$6,252 |
| Northwest Ohio Dev Ass't | 11 | \$2,942 |
| Mentor Economic Ass't Corp. | 2 | \$575 |
| West Central Partnership | 2 | \$2,182 |
| Ohio Statewide | 1 | \$95 |
| SEM Resource, Inc. | 1 | \$1,519 |

percent (49.4 basis points) of the guaranteed portion of the outstanding balance on the 7(a) loan. In the 7(a) Authorization Wizard this is referred to as the “ongoing service fee.”

504 Loan Program

For 504 loans approved on or after October 1, 2007, the “ongoing guarantee fee” paid by borrowers to SBA will be 0.021 percent (2.1 basis points) of the outstanding balance of the 504 loan. In addition, the one-time guaranty fee that SBA is authorized to charge 504 borrowers has been reduced from 50 basis points to zero basis points. *(continued next page)*

News for SBA Lending Partners

(continued from page 2)

Notification of a Change in the Location of Submission for Verification of Legal Permanent Residence (LPR) Status

The Cleveland Field Office of the U.S. Citizenship and Immigration Services (USCIS) has notified us that effective September 1st, 2007, its status verification workload will be shifted to the Chicago District Office. Request for Legal Permanent Residence (LPR) status verification should now be forwarded to:

DHS/USCIS

101 West Congress Parkway
Room 1603, Attn: Status Verification Unit
Chicago, Illinois 60604

The procedures for verifying LPR status will remain the same and should continue to include the following:

The original Form G-845, Document Verification Request, is to be submitted to the USCIS office with the following items:

The individual applicant's authorization to release the information:

- (1) to a specific financial institution;
- (2) with a statement that the need for verification is for the purpose of obtaining a U.S. Small Business Administration loan; and
- (3) with the applicant's "original" signature.

Without the original signature on the applicant's written authorization to release, the G-845 will not be processed and will be returned.

As the SBA is not submitting these requests, type the name of the submitting financial institution [CDC or 7(a) lender] in the "From" block on the top of the G-845 form. ♦

Please contact our Lender Relations Division at (216) 522-4180 if you have any questions.

Join the Online World – A Message for Small Business Owners

Social Security's employer website is your first stop for information on W-2s, electronic filing, verifying Social Security numbers, free software, technical specifications and much more. You can register to your Business Services Online (BSO) at any time at www.socialsecurity.gov/employer.

Through BSO, you can stop doing those paper forms for your wage reports (Forms W-2 and W-3) and start doing them online. You also can file the correction forms (W-2c and W-3c) online. All you need is something you probably already have: a computer and an Internet connection. So save yourself some time and effort, turn your entire wage reporting paperwork processes into just a few keyboard clicks. ♦

SSA/IRS Reporter – An Essential Resource for Business

The SSA/IRS Reporter is a joint effort between Social Security Administration (SSA) and IRS. It communicates messages to businesses with employees that support trust fund, employment tax, and business tax compliance, with an emphasis on educating and encouraging these stakeholders to file their taxes electronically.

The Reporter carries general information about best payroll and employment tax practices and SSA products and services, such as changes in forms for reporting employee wages, W-2 Online, SSA filing procedures and Business Services Online.

The SSA/IRS newsletter also includes timely information from the Department of Labor, Department of Justice, Health and Human Services, and other government agencies.

Past issues, including the fall 2007 issue, are posted on IRS.gov <http://www.irs.gov/businesses/small/article/0,,id=109886,00.html> in English and Spanish. Check out the fall issue to read about:

- Federal Minimum Wage Increases
- Closing the Tax Gap—A Priority for All
- Employer Responsibilities When Hiring Foreign Workers
- DOL Introduces New Tool for Calculating Overtime Pay
- DOJ's Business Connection Initiative Helps Businesses Understand ADA

- Recommend Electronic IRS for Your Employees' Tax Needs

To learn about the availability of the latest issue of the SSA/IRS Reporter and other IRS products and services, subscribe to e-News for Small Businesses. To start your free subscription to e-News, just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit.

Call for Nomination of Federal Regulations in Need of Review and Reform Advocacy's r3 Initiative Targets Outdated and Ineffective Federal Rules

The Office of Advocacy of the U.S. Small Business Administration is seeking nominations of federal rules in need of review and reform. The "Top 10" rules nominated by small business owners, trade associations, and others will be transmitted to appropriate federal agencies for review and reform. "Complying with all federal regulations now costs our economy \$1.1 trillion per year; that's more per household than the cost of healthcare," said Thomas M. Sullivan, Chief Counsel for Advocacy. "Advocacy's Regulatory Review and Reform initiative can help lighten that load by streamlining and updating outdated and ineffective regulations. We are calling for rules needing reform, and we are asking for constructive suggestions about how to improve them."

Nominate regulations needing review and reform by visiting the Office of Advocacy r3 website at www.sba.gov/advo/r3, sending an email to advocacy@sba.gov, or calling Keith Holman at (202) 205-6936.

The Office of Advocacy's new small business Regulatory Review and Reform (r3) initiative addresses many of the issues raised in a recent GAO report, *Reexamining Regulations: Opportunities Exist to Improve Effectiveness and Transparency of Retrospective Reviews*. The report spotlighted implementation of section 610 of the Regulatory Flexibility Act (RFA), which mandates that agencies periodically examine their existing regulations to measure changing impacts on small business.

The GAO found that agency implementation of section 610 review often suffers from a lack of clear standards, insufficient public participation and comment, and inadequate communication of the results to stakeholders.

The r3 initiative directly addresses these issues. The initiative 1) offers agencies guidance and training on how to implement section 610 of the RFA, 2) solicits recommendations from the small business community on rules that should be reviewed, and 3) provides public updates on the status and results of agency retrospective reviews. ♦

To nominate regulations for review and reform, visit the Office of Advocacy r3 webpage at www.sba.gov/advo/r3.

New SBA E-application Process Helps Small and Emerging Businesses Gain Quick Access to Bonds

The U.S. Small Business Administration is making it easier for small businesses to obtain surety bonds by offering a new, fast and easy online electronic application process on the agency's popular Web site. Small construction, service and supply companies that need bonding can now apply for SBA surety bond guarantee assistance online on the SBA Web site 24 hours a day, seven days a week. The Surety Bond Guarantee (SBG) Program may help you obtain the bonds you need to bid or perform public and private contracts.

Under the program, the SBA works with participating surety companies to provide bid, payment, and performance bonds on contracts up to \$2 million in value for small contractors by guaranteeing a percentage of losses sustained in the event of a default. Corporate surety bonds protect the project owner against financial loss, and in the case of public construction projects, protect taxpayer dollars if the contractor defaults. The new Surety Bond Guarantee E-application System, or E-app system, allows small businesses to quickly and easily submit their application for bonding assistance with surety companies that are registered to use the process. To learn more about the Surety Bond Guarantee (SBG) program and to access the E-app system click on <http://www.sba.gov/eapplication>.

Small businesses and surety companies participating in the SBA prior approval program will be able to transmit application forms electronically to help expedite review and approval processes. The new online e-application capability, coupled with recent rule changes, is combining to make bonding more available to small and emerging businesses, and enabling them to access these necessary bonds more quickly. "Streamlined rules for small businesses and for surety companies alike, along with quick and easy online access, will make it easier for small and emerging contractors to gain access to surety bonds so they can bid on public construction projects," said SBA Administrator Steve Preston. "These changes will support small businesses nationwide, particularly construction contractors in the devastated Gulf Coast region and other disaster stricken areas around the U.S." 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/> for a list of area office contacts and SBA offices near your business or call 1-800-U ASK SBA. ♦

Executive Director of Lake County Economic Development Center Retires

Cathy Haworth leaves behind legacy of dedicated service to Ohio small businesses



Cathy Haworth at the celebration with Roy Bean, Lake County SBDC Counselor, Bill Elliot, Lake County 504 Specialist, Bob Fenn, NEO-PTAC Program Manager, and Karen Wivell, Lake County SBDC Administrative Assistant.

Cathy Haworth, Executive Director of the Lake County Economic Development Center, is retiring this October. A retirement party was held at Hellriegel's Inn in Painesville on September 20th. Over 100 of Cathy's colleagues, bankers, small business owners, and friends wished her goodbye. Cathy has been at the Lake County Center for 14 years, after a long banking career at Bank One. Cathy's service was unique, as she served two functions. She was both Director of the Small Business Development Center (SBDC) and the Lake County Certified Development Center (CDC), which handled the SBA 504 loan program.

Cathy will spend her summers with her husband at their home in Lake Chautauqua, New York, while she will spend her winters at their second home in Naples, Florida. Cathy said, "I have enjoyed working with the SBA and the SBDC over the years, but now is the time for me to retire. I probably will not retire completely however, as I have a great relationship with the Naples, Florida Small Business Development Center and will most likely do some work with them."

Cathy's colleagues had high praise for her. Dick Rutkowski, Management Counselor for SCORE, Counselors to America's Small Business, "Cathy is the absolute best to work with. Her SBDC's relationship with SCORE is a model example of the perfect way for a Small Business Development Center and SCORE to successfully work together. We will miss her greatly."

We will all miss you Cathy! Have a long and happy retirement! ♦



Cathy Haworth and SCORE Management Counselor Dick Rutkowski.

SBA Sends FY 2008 – 2013 Strategic Plan to Congress

Last week, the U.S. Small Business Administration published on its Web site the agency's Strategic Plan for Fiscal Years 2008 through 2013, after providing opportunity for public review and comment. The plan has been transmitted to Congress and the Office of Management and Budget.

"The Strategic Plan describes SBA's mission, goals, objectives, strategies, and means to achieve those goals," said SBA Administrator Steve Preston. "It describes the agency's direction as it moves ahead to expand opportunities for our nation's small businesses and to assist victims of federally-declared disasters."

The Government Performance and Results Act of 1993 requires federal agencies to update their Strategic Plan every three years and submit the plan to Congress. To access the strategic plan, go to: http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_strategic_plan_2006.pdf. For more information please contact: Gordon Goeke, U.S. Small Business Administration, Strategic Plan Comments, Office of the Chief Financial Officer, 409 Third Street, S.W., Suite 6000, Washington, D.C. 20416; or call: Gordon Goeke at (202) 205-6449. ♦