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West Virginia District Office**

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West Virginia Calendar of Events:
www.sba.gov/calendar

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For More Information

- SBA Answer Desk:
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- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness:
1-800-REG-FAIR
- SBA Home Page: www.sba.gov

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

Reasonable accommodations for the handicapped will be made by contacting us at 1-800-767-8052 ext. 8 in advance.

MESSAGE FROM WEST VIRGINIA DISTRICT DIRECTOR...MICHAEL J. MURRAY

The statistics for new business success are daunting; some research indicates that 80% of new businesses will fail or cease to exist beyond their first 5 to 7 years. But 20% do make it. What is their formula for success?

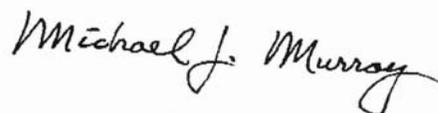
Let's start with the issue of why a business is formed in the first place. In almost every case, there are generally two reasons. The first reason is for-profit opportunity – the business owner discovered a need that was not being met and decided that he was capable of fulfilling that need by delivering a product or service to meet it. The second reason is that the business owner has a strong interest and liking for the skill area that she developed, and believed that she could build a business around it.

Either reason may be valid, as long as the business owner remembers to take the appropriate planning in starting their business. Is the idea feasible? How does one "test" the idea prior to going into business? Feasibility analysis is one of the most important pieces before entering into business. In fact, most businesses go right into a business plan without addressing feasibility in the first instance.

The U.S. Small Business Administration (SBA) provides business counseling and technical assistance through the Service Corps of Retired Executives (SCORE) which can assist with feasibility and how to test the market prior to entering into business. SCORE has a free publication that addresses business feasibility analysis entitled, "*How To Really Start A Business.*" The Small Business Development Centers (SBDC) (www.wvsbdc.org) can assist with market and business planning once feasibility has been addressed.

It sounds simple, but the number one reason why businesses succeed or fail is because the business owner did not take the time to conduct a feasibility analysis, market and business plan. Why? Sometimes an idea is developed that the business owner thinks is good but no one else does. Sometimes an idea is formulated that the business owner believes is so good that the potential customers will find it themselves. And sometimes the business owner thinks that everyone is a potential customer.

To further help start up businesses after they have successfully completed their business planning processes is access to capital. Here is where SBA can assist the new business owners by providing a guarantee to the lender on behalf of the new business. This allows the lender to mitigate the risk and provide the needed funding for the business. Please refer potential customers to the SBA West Virginia District Office, SCORE or the SBDC that might best serve them.



YES! 75% To 85% Guaranty For Express Loans

Community Express Loan that is! This program parallels SBA Express somewhat but offers higher guaranty limits (Express is limited to 50%), and even technical assistance for your borrowing customer.

Even in the best of economies, some entrepreneurs may find it difficult to obtain the financing necessary to turn their ideas into profitable businesses. That's why the SBA worked with community leaders of the National Community Reinvestment Coalition (NCRC) to create the Community Express Pilot Loan Program.

Community Express combines the SBA's small business lending and technical assistance with the NCRC's community development expertise to help entrepreneurs in traditionally underserved areas. The pilot program is available in various designated areas throughout the country and is expected to run through September 30, 2005.

Loan proceeds under Community Express may be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or real-estate acquisitions.

Community Express loans are available to persons who meet the normal requirements for an SBA business loan guaranty. Community Express loan applicants must also---

- be located in one of the specially designated areas, and either
- be located in "low or moderate income" urban or rural areas, or
- be identified as New Markets small businesses. (New Markets small businesses are current and prospective small businesses owned by minorities, women, or veterans, who are underrepresented in the population of small business owners compared to their percentage in the overall population.)

Selected SBA participating lenders use streamlined and expedited loan review and approval procedures to process SBA guaranteed loans. The lenders may also use their own loan analyses, loan procedures and loan documentation. Completed loan applications are submitted for approval to the SBA's processing center in Sacramento, California. The SBA provides the lender with a response, typically within 36 hours.

The SBA guaranty encourages lenders to make loans that they otherwise might not make on their own. The SBA's Community Express guaranty levels are 85 percent on loans of \$150,000.00 or less and 75 percent on loans of more than \$150,000.00. The maximum loan amount under Community Express is \$250,000.00.

Interest rates are negotiated between the borrower and the lender. Rates can either be fixed or variable, and are tied to the prime rate as published in The Wall Street Journal. Throughout the loan term, the interest rate may not exceed 2.75 percent over the prime rate. Maturities on Community Express loans are generally five to 10 years. Loans for fixed-assets can be up to 25 years. Community Express revolving loans, however, are limited to a maturity of seven years. The guaranty and servicing fees under Community Express are the same as for regular SBA 7(a) guaranty loans.

Because many New Markets small businesses face unique problems and challenges, the Community Express Program also includes pre- and post-loan closing assistance in the form of marketing, financial, management and planning assistance. The technical assistance is supplied by local, nonprofit providers associated with the NCRC. Community Express lenders work with the NCRC to form partnerships with these community-based providers; the lenders arrange and, when necessary, pay for these services. The Community Express Program is targeted for many low- and moderate-income urban and rural areas across the nation. If you're interested in the Community Express program, contact this office.

NOTE: Presently, only one Community Express lender, Innovative Bank, has been approved for West Virginia statewide participation. Their representative is Frank Betz who may be reached at (304) 525-0940.

2003 Resource Guide Available Soon

The 2003 West Virginia Small Business Resource Guide will soon be available.

The Small Business Resource Guide addresses how to start a small business and how to raise money for a small business. It provides clients and prospective small business owners with an overview of the SBA programs. It also lists key contact numbers for major state and local organizations and agencies that are available to assist prospective small business persons as they start and develop their small business.

To help you plan for success, the West Virginia District Office and RENE Publishing have compiled this Small Business Resource Guide. But it truly comes to you through the generous support of the private sector partners – our advertisers – for without their help, production of this guide would not have been possible.

The Resource Guide helps anyone thinking of starting a small business by answering questions about getting started. It answers questions about the different business structures and the structure of a business plan. It also covers financing by providing information on how to find the needed money and describing the different types of loans and loan guarantees. It covers topics about regulations by explaining copyrights, trademarks, taxes, etc. It also provides listings of organizations and contact points for assistance. It's an excellent tool that allows individuals to help themselves as much as possible and supplies them with the means to get additional information. Contact the WV District Office at 1-800-767-8052, option 8, or via email at wvinfo@sba.gov to request your copy

SBA Exchange

The U.S. Small Business Administration is proud to announce the launch of the *SBAExchange* Pilot Program – an electronic purchasing tool designed to facilitate small business e-procurement opportunities and improve the efficiency and accountability of current government procurement processes.

The *SBAExchange* is a streamlined electronic tool that allows agencies to award simplified acquisitions up to \$100,000 (including micro-purchases) and to make purchases and payments electronically with the government wide commercial purchase card. Agencies will be able to use *SBAExchange* to award purchases over \$25,000 that have been posted in Federal Business Opportunities (FedBizOpps), provided the notice states that the award will be made electronically. Additionally, it will help small businesses compete for purchases that are currently being obtained through other contracting methods.

To participate, small businesses must obtain an Internet-based Supplier Web Site from www.SBAExchange.gov. Through the Supplier Web Site a small business will receive –

- A fully hosted, supplier branded, e-commerce website;
- Exposure to federal buying authorities, large federal prime contractors and other large buying officials;
- An electronic catalog;
- A centralized order management system for receiving and processing Internet-based orders from federal, state, local and commercial buying authorities;
- A management system for tracking new business, creating and submitting quotes and;
- Assistance in managing the new site.

The small businesses must be registered in SBA's PRO-Net/CCR system to participate in *SBAExchange*. Verification is accomplished through self certification as a small business in PRO-Net/CCR. Certification of small disadvantaged businesses, 8(a) firms and HUBZone small businesses is also obtained through PRO-Net/CCR. Size, small disadvantaged business, and HUBZone protests are permitted in accordance with SBA's regulations.

SBAExchange will interface with other relevant websites. FedBizOpps is the single point of entry for vendors to see opportunities for doing work with the federal government. *SBAExchange* vendors will be automatically registered with other government systems (i.e., PRO-Net/CCR, etc.) using open standards such as XML and UDDI. *SBAExchange* vendors can receive and respond to notices regarding opportunities posted in FedBizOpps and they can maintain their corporate profiles with all government agencies from the comfort of their own virtual storefront.

SBA plans to kick-off this pilot program nationally on March 30, 2003, when agencies can begin awarding transactions through the system. In order to ensure a successful launch in March, the small business electronic catalog development period will open on October 30, 2002.

The annual cost to participate in the *SBAExchange* Pilot Program is \$1,500. Additionally, a transaction fee of 2 percent will be added to all orders. The first 2,500 small businesses to sign up will receive a \$450.00 discount.

If you are interested in this Pilot Program please visit us at www.SBAExchange.gov, or call our office at 304-623-5631.

SBA Express

The enhanced *SBAExpress* loan program reduces the number of government mandated forms and procedures. It streamlines the processing and reduces the cost of smaller, less complex SBA loans.

SBAExpress allows lenders to utilize, to the maximum extent possible, their respective loan analyses, procedures, and documentation. Lenders can use their own application forms, internal credit memoranda, notes, collateral documents, servicing documentation, and liquidation documentation. However, in using their documents and procedures, lenders must follow their established and proven internal credit review and analysis procedures used for their non-SBA guaranteed commercial loans. In return for the expanded authority and autonomy provided by the program, lenders agree to accept a maximum SBA guaranty of 50 percent.

To further reduce program costs and to ensure program consistency, the current processing of *SBAExpress* loan applications has generally been centralized in SBA's processing center in Sacramento while loan purchases have generally been centralized in SBA's Fresno and Little Rock Servicing Centers. The Sacramento Center reviews the application for completeness and issues an SBA loan number, generally within 24 hours.

Existing SBA lenders may become an *Express* lender by meeting the following standards:

1. Can process make, close, service and liquidate SBA loans
2. Has a satisfactory performance history with SBA, including acceptable currency and default rates
3. Is in compliance with applicable SBA statutes, regulations, and policies
4. If reviewed by SBA, has received an acceptable rating in its last review
5. Is current in filing SBA required 1502 reports
6. Is current in remitting required guarantee and servicing fees
7. Has at least an 85 percent currency rate on its SBA 7(a) portfolio for the last three complete fiscal years plus the elapsed portion of the current fiscal year

8. For lenders regulated by one of the federal/state oversight authorities, is in good standing with their primary regulator and currently has no enforcement actions or agreements that are unacceptable to SBA, and
9. Has received no major substantive objections from the District Office.

An SBA lender that wishes to participate in SBA *Express* may send a request, in writing, to: **Director, Sacramento Loan Processing Center, 501 I Street, Suite 12-100, Sacramento, CA 95814-2322** or via fax to (916) 930-2406.

2003 Small Business Week Awards Luncheon Scheduled

The U.S. Small Business Administration West Virginia District Office will honor West Virginia's entrepreneurs and advocates of small business at its annual Small Business Week Awards luncheon on Friday, May 9, 2003 at the Days Inn Convention Center in Flatwoods. The 2003 list of winners will be released in March.

This year's event will be extra special in that 2003 marks SBA's 50th anniversary.

For additional information and for a list of the 2003 award winners, watch for our next newsletter or contact us at 1-800-767-8052, option 8 or via email at wvinfo@sba.gov.

The WV District Office will also be soliciting nominations for Small Business Week 2004 very soon. If you have a client, customer or know of a small business owner or advocate that deserves recognition, give us a call or drop us an email. Categories are: **Small Business Person, Small Business Exporter, Young Entrepreneur (under age 30), Entrepreneurial Success, Minority Advocate, Women in Business Advocate, Veteran Small Business Advocate, Advocate in Academic Excellence, Financial Services Advocate, Small Business Journalist and Home-based Business Advocate.**

West Virginia Women's Business Center Grand Opening

The SBA's Office of Women's Business Ownership and the Women's Business Institute will be celebrating the grand opening of the West Virginia Women's Business Center on Friday, January 31 from 9:30 to 11:00 am at the Alan B. Mollohan Innovation Center, 1000 Technology Drive, Fairmont. Guest speaker will be David Satterfield, Executive Director of the West Virginia Development Office. For additional information, contact the Women's Business Center at (304) 366-1400.

Revised 7(a) Loan Fees to Benefit Small Business

As a result of new legislation, The Small Business Administration (SBA) has implemented a new fee structure. This change provides a two-year reduction in the fees SBA charges in its 7(a) loan program for all loans approved by SBA or by Preferred Lenders on behalf of SBA on or after October 1, 2002. These changes will apply to loans approved through September 30, 2004 and will remain in effect over the entire term of the loan.

The new fee structure applies to all loans with a maturity of more than 12 months. Loans with a maturity of 12 months or less will continue to incur a fee of ¼% of the guaranteed amount. Loans with maturities exceeding 12 months will be charged a fee as follows:

1. A guaranty fee equal to 1 percent of the SBA guaranteed portion of a total loan amount that is not more than \$150,000. (Lenders may retain not more than 25 percent of a fee collected on these loans.
2. A guaranty fee equal to 2.5 percent of the SBA guaranteed portion of a total loan amount that is more than \$150,000, but not more than \$700,000.
3. A guaranty fee equal to 3.5 percent of the SBA guaranteed portion of a total loan amount that is more than \$700,000.

The ongoing servicing fee of .5% of the outstanding balance of the SBA guaranteed portion of a loan has been reduced to .25%. This fee is payable by the participating lender and cannot be passed through to the borrower.

SBA continues with a limit of \$500,000 on the total dollar amount for all 7(a) loans approved on or after October 1, 2002 to a small business and its affiliates. This limit is meant to allow the SBA to provide continuing, uninterrupted financing assistance to the vast majority of number of small businesses seeking 7(a) financing. During fiscal year 2002, 87% of the loans made in the 7(a) programs were under \$500,000. This limit will be revisited by SBA when it receives its annual appropriation for fiscal year 2003.

Fixed asset loans can be considered under SBA's 504 loan program which offers fixed interest rate, long term financing. Lenders are encouraged to use this program to finance eligible acquisitions of real estate, machinery, and equipment, combined with a companion 7(a) loan for other needs. The maximum SBA guaranteed debenture generally is \$1 million (and up to \$1.3 million if financing addresses certain public policy goals).

Workshop/Seminar Events Wanted

If your organization or institution has any upcoming events, workshops or seminars that might be of benefit to a new or existing small business, please let us know so we can include them in our newsletter and calendar of events on our web site. You can mail, fax or email your events to us using the following: SBA, WV District Office, 320 West Pike Street, Suite 330, Clarksburg, WV 26301; Fax: 202-481-5158; email: wvinfo@sba.gov. Be sure to note on your correspondence that you wish to have your event included in our newsletter and web calendar of events.

You can view the West Virginia web calendar of events for upcoming business workshops and seminars at: <http://app1.sba.gov/calendar/states/calendar.cfm?op=group&grp=72> or follow to training calendar link off our web page at www.sba.gov/wv.