



Bank Notes

A Newsletter for Michigan Lenders

April 11, 2006

Issue 138

2006 Lenders' Conference and Awards

Over 230 people attended our 8th Annual Michigan SBA Lenders' Conference on March 8 at the Kellogg Center in East Lansing. This was a record attendance for this conference. Despite the crowded conditions, the evaluations from the attendees rated it as one of the best conferences that we have had. Sessions on the 504 program, SBAExpress, and Getting Started were especially well attended.

A highlight of this year's conference was the presentation of seven awards to SBA lenders for their performance in FY 2005, another record-setting year for SBA lending in Michigan. Pictures of each award winner with District Director Richard Temkin are on page 4. This year's winners follow:

Charter One Bank – "Lender of the Year" Our traditional award for the best overall performance considering total volume, new markets, comparison with historical performance, etc.

Fifth Third Bank – "504 Lender of the Year" Best overall performance by a bank in support of 504 lending.

Republic Bank – "PLP Lender of the Year" The most loans approved by a preferred lender. Preferred lenders enjoy full delegation of SBA's lending authority.

Franklin Bank – "Community Lender of the Year" Best overall performance among Michigan-based non-PLP lenders. It considers total volume, new markets, comparison with historical performance, etc.

Northwestern Bank – "Business Development Lender of the Year" Among lenders with at least 10 approvals in the prior year, the largest percentage increase in number of approvals.

Charter One Bank – "SBAExpress Lender of the Year" Award for the lender which had the most SBAExpress loans.

Chase – "New Markets Lender of the Year" Best overall performance in lending to new markets.

Bank Notes Distribution

If you know someone who would like to receive future issues of Bank Notes, they will need to subscribe through SBA's Free Newsletter and Publication Subscription Center.

The process is easy. Simply go to Web page <http://web.sba.gov/list/>; then scroll down and check the box entitled "Michigan Bank Notes Newsletter." Then scroll down and enter your name and e-mail address at the bottom of the page and hit the "Subscribe" button.

FY 2006 Second Quarter Lending Report

After the first six months of FY 2006, Michigan is on pace to set records for the 5th year in a row in both the 7(a) and 504 loan programs. In addition, we are well ahead of the agency as a whole, as our 13% increase in 7(a) loans compares to a 3% decrease nationally, while our 63% increase in 504 loans compares to a 20% increase nationally. On the other hand, loans to businesses owned by veterans and women are listed below to call your attention to two areas in which we are well below last year's accomplishments. We greatly appreciate your continuing support of SBA's guaranty loan programs.

	FY 2005	FY 2006	Increase
7(a) Loans	1,380	1,565	13%
504 Loans	78	127	63%
7(a) Dollars	\$212,614,000	\$193,142,000	-9%
504 Dollars	\$43,831,000	\$61,796,000	41%
Loans to Veterans	88	75	-15%
Loans to Women	319	267	-16%

U.S. Small Business Administration
477 Michigan Avenue, Detroit, Michigan 48226
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Lenders Supporting the 504 Loan Program

For the first six months of FY 2006, we have approved 127 504 loans worth almost \$61.8 million. These loans have been supported by 63 different third party lenders. Since there were only 67 different third party lenders in all of FY 2005, that 63 have participated after only six months shows the growing appreciation that lenders have for a program that is still under-utilized in Michigan. Lenders which have supported five or more 504 loans are as follows:

<i>Lender</i>	<i># of Loans</i>
Fifth Third Bank	14
Macatawa Bank	8
KeyBank	7
Peoples State Bank	7
Comerica Bank	5

SBA's 504 Loan Program provides long-term, fixed rate, subordinated financing for acquisition and/or renovation of capital assets, including land, buildings, and equipment. With 504 financing, the typical financial structure consists of 10% from the borrower, 50% from the commercial lender, and 40% from the Certified Development Company (CDC). The CDC portion is provided by 100% SBA guaranteed debentures.

For more information, please contact one of the CDCs listed in the next column. These organizations specialize in packaging 504 loans and will manage the entire process to make sure it goes smoothly.

Michigan Celebrates Small Business

SBA's 2006 Michigan Small Business Person of the Year and champion awards, which are listed below, will be presented on April 19 during the second annual **Michigan Celebrates Small Business** awards dinner in East Lansing. **Governor Jennifer Granholm** will be the keynote speaker at the premier event in Michigan to recognize the impact of small business and its critical importance to the state's economy. Efforts to grow and diversify Michigan's economy must include a strong and vibrant small business sector. For more information and to register to attend this black tie optional event, go to www.michigancelebrates.biz.

Small Business Person of the Year
Keith R. Malmstadt
CEO
Great Lake Woods, Inc., Holland

**Michigan and Midwest Region
Minority Small Business
Champion of the Year**
Dante O. Villarreal
Business Consultant
Michigan SBTDC, Grand Rapids

**Michigan Small Business
Journalist of the Year**
Sheena Harrison
Small Business Reporter
Crain's Detroit Business, Detroit

**Michigan Financial Services
Champion of the Year**
Eric B. Seifert
Senior Vice President
Community Shores Bank, Muskegon

**Michigan Women in Business
Champion of the Year**
Joan M. Schroeder
Vice President – Team Leader
National City Bank, Milford

**Michigan Small Business
Counselor of the Year**
Pat Salo
Associate Region 9 Director
Michigan SBTDC, Troy

Michigan Certified Development Companies

Economic Dev. Foundation-Certified
1345 Monroe, NW, Suite 132
Grand Rapids, MI 49505
P (888) 330-1776

Growth Finance Corporation
4747 West 48th Street
Fremont, MI 49412
P (231) 924-7461

Lakeshore 504 - South Office
272 East 8th Street
Holland, MI 49423
P (616) 392-9633

Lakeshore 504 - North Office
One South Harbor Drive
Grand Haven, MI 49417
P (616) 846-3153

**Metropolitan Growth and
Development Corporation**
600 Randolph Street, Third Floor
Detroit, MI 48226
P (313) 224-0820

**Michigan Certified Development
Corporation**
912 Centennial Way, Suite 300
Lansing, MI 48917
P (517) 886-6612

**Oakland County Business Finance
Corporation**
1200 N. Telegraph
Executive Office Building
Pontiac, MI 48341
P (248) 858-0879

SEM Resource Capital
17177 N. Laurel Park Drive, Suite 360
Livonia, MI 48152
P (734) 464-4418



New Michigan Lender's Web Site Available

The Michigan District Office has added a Lender's Web page to its District Office Web site at http://www.sba.gov/mi/mi_lenderspage.html. While still under development, this site will contain past and current issues of Bank Notes, press releases concerning the SBA loan programs, downloadable copies of the 7(a) application forms, links to SBA's Electronic Lending Web site, and more.

A unique component is the 7(a) Lender Training Basic. Designed for those new to SBA lending, this 30 minute module provides a good overview of the SBA loan program. The module is a narrated PowerPoint presentation and will give new lenders the training they need to get started on SBA guaranteed loans.

Deed Restrictions Pertaining to Gas Stations



SBA's Office of Financial Assistance has issued a notice that loans may not be approved for the purpose of purchasing a gasoline station where the deed includes a provision restricting the brand of service station that may be operated on the premises. Information Notice 5000-987 states that 7(a) or 504 loan requests to purchase gasoline stations that include similar deed restrictions (or language that has the same effect), whether the restrictions are required as part of the purchase and sale agreement or already contained in covenants running with the land, are not acceptable to SBA.

The deed restrictions in question are typically seen as part of a buy/sell agreement between an oil company and a purchaser of one of its gasoline stations. SBA found the deed restrictions to be unacceptable because they severely compromise the marketability of the business real estate collateral that would be securing the SBA-guaranteed loan. The deed restriction language generally appears titled as "Use or Operation Restrictions" or "Petroleum Restrictions" in a Special Warranty Deed or other document recorded as part of the purchase and sale transaction.

Questions from CDCs or lenders regarding this notice should be directed to the Michigan District Office. The notice may be found at SBA's Electronic Lending Web page at www.sba.gov/banking.



2006 Lenders' Conference and Awards



Charter One Bank



Bank One



Fifth Third Bank



Franklin Bank



Northwestern Bank



Republic Bank

Congratulations to Our Award Winners!