



# Lenders Newsletter

## SANTA ANA DISTRICT OFFICE



### DISTRICT DIRECTOR'S MESSAGE

*A big thank you for helping us "Catch the Small Business Wave" at our Small Business Award Luncheon last May. It was a huge success with the largest attendance ever. We have big plans for next year too, so now's the time to check your portfolios to see if you have a worthy candidate for Small Business Person, Exporter, or Young Entrepreneur of the Year. If so, please contact Sylvia Gutierrez at x3107 to get the latest information on our nomination process.*

*See you at our MEDWeek Breakfast in October!*

*Sandy Sutton*



### EMPLOYEE AWARD WINNER

The Star Employee Award winner for the third quarter is **Zanetta Emery**.

Zanetta has exhibited exemplary teamwork during the third quarter due to her positive attitude in helping others. In addition to her regular duties in Finance, Zanetta and Molly have boxed and shipped a large number of charged off files to Archives. She has learned many aspects of the Business Development Assistant position and has updated the Training Calendar for the District Office and on the website. She has also helped input Outreach contact information on the ACT! database. Whenever anyone needs a helping hand, Zanetta is willing to help out. Thank you, Zanetta!

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**National Guaranty Purchase Center  
E-mail Addresses**

For Guaranty purchases:  
[sbapurchase@sba.gov](mailto:sbapurchase@sba.gov)

For General Liquidation Issues:  
[loanresolution@sba.gov](mailto:loanresolution@sba.gov)

For Loans Sold on the Secondary Market:  
[secondarymarketliq@sba.gov](mailto:secondarymarketliq@sba.gov)

Learn more about the Herndon Center by visiting:  
[www.sba.gov/banking/herndon.html](http://www.sba.gov/banking/herndon.html)

## FINANCE UPDATE

*Combined 504 and 7(a) lending is up 23 1/2% over this time last year! 504 loans are up 43% and 7(a) loans are ahead by 20%*

### **Changes to the 7(a) Program**

SBA Policy Notice No.0000-1727 effective April 5, 2004, announced that the \$750,000 loan cap imposed by Policy Notice 5000-902 is lifted. The limit on the gross loan amount once again is \$2.0 million. The guaranty limit was temporarily increased from \$1.0 to **\$1.5 million**. Requirements for Combination Financing (piggyback), new guarantee fees, and new annual fees were added.

### **Revised Internal Revenue Service Form 4506-T**

SBA Information Notice No. 5000-908 announced that effective March 4, 2004 all requests for IRS tax transcripts must be submitted to IRS Service Centers using the new revised form.

## LEGAL NEWS

**ERSOP:** Headquarters has reviewed and considered additional information relating to Employee Rollover Stock Option Plans (ERSOP) and finds that an ERSOP is covered by the Employees Retirement Income Security Act (ERISA). Consequently, processing offices (including PLP lenders) can issue waivers for personal guarantees by trustees of the ERSOP in accordance with SOP 50 10(4)(E) Subpart A, Chapter 5, Section 2, Q & A 1. An ERSOP is similar to an ESOP but is designed for entrepreneurs.

**Financing change of ownership under the 504 loan program:** The 504 loan program is designed to finance the purchase of long term assets. Recently we have reviewed a number of applications that involve the purchase of real estate and business assets, for example transactions involving gas stations, hotels, residential care facilities and even a law office. Eligible project costs under the 504 program do not include receivables or good will, liquor licenses, deposits on hand or other intangibles. Furniture and fixtures can be included in the project as eligible project costs if the dollar amount compared to the total project is minimal and will not affect the maturity based upon a weighted average useful life.

## LOAN FAIRS CONTINUE TO BE A BIG HIT

In April, a Small Loan Fair was held in Santa Ana hosted by the Vietnamese-American Chamber of Commerce, Korean Chamber of Commerce, and the Asian Business Association of Orange County. There were a total of 102 attendees with 11 participating lenders reporting approximately 43 'good' prospects from the afternoon's efforts. Workshops were offered on How to Get an SBA Loan, Construction and Real Estate Financing and Microloans.

In July, two Small Loan Fairs were held. In Palm Desert, 80 people turned out to discuss financing needs, speak to SCORE and SBDC counselors or attend workshops on business related matters. There were eight participating lenders who reported between 25 and 30 'good' prospects.

In Rancho Cucamonga, 53 attended. Nine participating lenders reported approximately 10 to 12 'good' prospects. Workshops on How to Get an SBA Loan and Business Planning were well-received.

Comments continue to be very favorable:

*The process*— well organized; painless!

*The counseling*— great; excellent

*The workshops*— very informative; great information

*In general*— lots to offer, very helpful, thank you!



## Future Loan Fairs

Small Loan Fairs are being planned in Temecula, Moreno Valley, Ontario and Garden Grove.

## Small Business...Catch the Wave

The Santa Ana District Office presented 10 awards to small business owners and advocates on May 26, 2004 at its annual celebration luncheon "Small Business. . .Catch the Wave". Continuing our tradition of national winners, all of you had the opportunity to meet Sergio Velazquez, our National Small Business Journalist Advocate.

Others honored were: Ronald D. Stumpf, Financial Services Advocate; Rose Ramirez Girard, Women in Business Advocate; Eugene B. Farnsworth, Veteran Advocate; Klaus R. Brasch, Research Advocate; Rueben Martinez, Minority Small Business Advocate; Barbara King, Home-Based Business Advocate; Kristopher Marcus Plourde, Young Entrepreneur of the Year; June & Ron Stein, Small Business Person of the Year Finalists, and Wolfgang Wirthgen & Gary Templin, Small Business Persons of the Year.

We thank all of you who joined us to celebrate the spirit of entrepreneurship. We are already gearing up for next year's award competition. If you know of any small business owners or advocates deserving of an award, please contact Sylvia Gutierrez at (714) 550-7420, ext. 3107.



Sergio Velazquez, our National Winner for Small Business Journalist Advocate

Wolfgang Wirthgen and Gary Templin, our District Small Business Persons of the Year



**Think Nominations!**

## Economic Development

For those of you who missed the April Lender Breakfast, you missed an excellent presentation on economic prospects in the Inland Empire from Steve Pontell, President of the La Jolla Institute, a California based, non-profit think-tank. A nationally recognized authority on community development and the workplace of the future, Steve over the last fifteen years has initiated numerous corporate and community trailblazing projects. Visit [www.lajollainstitute.org](http://www.lajollainstitute.org) to learn more.

At the July Lender Breakfast Orange County SCORE discussed their Advisory Board service. For more information visit:

<http://www.score114.org/Counseling/C.htm>

Andrea Sullivan from SBA's Office of Inspector General reported on recent loan fraud activity. She advised that gas stations, convenience stores and car washes are at higher risk for fraud. For recent prosecution information, visit <http://www.sba.gov/ig/june2004.pdf>.

Joanna K. Ip Durie, Special Agent with U.S. Immigration & Customs Enforcement reported on 'Cornerstone' - an economic security initiative that targets the alternative financing mechanisms that terrorist and other criminal organizations use to earn, move and store funds. Such mechanisms include money laundering, commercial fraud, intellectual property crimes and bulk cash smuggling to name a few. For more details, visit [www.ice.gov](http://www.ice.gov).



**Team Santa Ana  
"Wave Catchers"**