

Hawaii District Office
U.S. Small Business Administration
News Bulletin

THE LENDER'S ADVANTAGE

2009 RECOVERY ACT



Permanent Changes to 504 Program Under ARRA Debt Refinancing

If the project involves expansion of a small business, the 504 Certified Development Company will be able to refinance existing loan(s) that were used for eligible fixed assets. Refinancing allows businesses to restructure eligible debt(s) under new, better terms and conditions to improve cash flow. Eligible debt(s) is any debt(s) incurred by the business that was used to finance the purchase or expansion of fixed assets such as land, buildings or equipment.

The amount being refinanced must be 50% or less of the total dollar amount of the present expansion effort and refinancing must provide a substantial benefit to the business when considering prepayment penalties, financing fees and other financing costs. Substantial benefit means that the portion of the new installment amount must be 10% less than the existing installment (s) along with prepayment penalties, financing fees and other financing costs added to the amount being refinanced.

The borrower must be current on the debt(s) being refinancing for at least one year prior to the date of refinancing and the debt(s) need not have financed assets at the same location or the same type of property as the expansion project.

Dealer Floor Plan Financing available July 1, 2009:

SBA's pilot program provides revolving floor plan financing for titled retail goods (i.e. auto-new or used, RV, manufactured homes, etc.) for a minimum of \$500,000 up to a maximum of \$2.0 million. All SBA lenders with an executed Loan Guaranty

Agreement (SBA Form 750) may participate in this pilot initiative. Lenders must have policies and designated personnel who are responsible for making and servicing floor plan lines of credit to participate and may only approve lines to customers with which it has banking relationships that existed prior to the effective date of the pilot.

National American Recovery Capital (ARC) Loan Activity Through 6/29/09:

- Number of Loans Funded: 139
- Total Dollars: \$4.639 million
- Number of Lenders: 72

Loans were made in 28 states to businesses in 94 different industries.

If you have any questions, please call Jerry M. Hirata at (808) 541-2990 ext. 210 .

Servicing and Liquidation Authority of 7(a) Lenders

As a reminder, all 7(a) lenders have the same authority previously held by PLP lenders to service and liquidate their loan portfolios (effective 4/12/07 -13 CFR Part 120.536).

Lenders must:

- "Service using prudent lending standards. Lenders..must service 7(a)...loans in their portfolio no less diligently than their non-SBA portfolio, and in a commercially reasonable manner, consistent with prudent lending standards, and in accordance with Loan Program Requirements. Those Lenders...that do not maintain a non-SBA loan portfolio must adhere to the same prudent lending standards for loan servicing followed by commercial lenders on loans without a government guarantee."

A helpful unilateral matrix is located at: www.sba.gov/banking -click on Commercial Loan Service Center and

then "servicing bullet" on the right hand column.

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Lender Training Via Web Seminar

We can conduct training throughout the State whether you are in Kau, Kohala or Kilauea on Kauai! You need not leave your office or branch.

"ARC and 504 Debt Refinancing Training"

July 15th, Wed 1:00-2:30pm or
July 16th, Thurs 9:00-10:30am or
July 16th, Thurs 1:00-2:30pm

"Lender's New to SBA Lending Qualifying the Loan Prospect"

July 22nd, Wednesday
9:00am-10:00am

"Loan Packaging and Documentation for Standard 7(a)"

July 23rd, Thursday
1:00-3:00pm

Go to www.readytalk.com ("test your computer" at the website)

Internet access code: 3095103

Telecon at: 866-740-1260

Telecon access code: 3095103

Please contact Jerry M. Hirata at (808) 541-2990 ext 210 e-mail: jerry.hirata@sba.gov as training materials will be mailed prior to the event date or for any specialized training.

