

SBA MISSISSIPPI MAGNOLIA NEWS

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Did You Know...

- Over the past decade, small businesses created 60 to 80 percent of the net new jobs?
- Small businesses employ about half of the United States workers?
- Small businesses generate more than 52% of the nation's gross domestic product?

SBA ANNOUNCES NEW WAY TO IMPROVE SMALL BUSINESS ACCESS TO CAPITAL

In response to the credit crunch, SBA's Acting Administrator Sandy K. Baruah announced important loan program changes to help the agency's lending partners increase access to capital for small businesses.



First, an interim final rule allowing new SBA loans to be made with an alternative base interest rate, the one month LIBOR rate (London Interbank Offered Rate), in addition to the prime rate, which was previously allowed. In the past 60 days, both the prime and LIBOR rates have not yet returned to their historical relationship—of roughly 300 basis points between the two rates. The mismatch between the rates is squeezing SBA lenders out of the lending market, since their costs are based on the LIBOR rate. The second change allows a new structure for assembling SBA loans into pools for sale in the secondary market.

The enhanced flexibility in loan pool structures can help

affect profitability and liquidity in the secondary market for SBA guaranteed loans, especially with the current market conditions. Because the average interest rate is used, these pools are easier for pool assemblers to create, thus providing incentives for more investors to bid on these loans.

"The challenge small businesses face today is not the cost of capital, it is access to capital," said Baruah. "Interest rates are at historically low levels meaning money is inexpensive, yet

lenders aren't lending and borrowers aren't borrowing. This indicates markets are frozen due to liquidity concerns. This interim final rule is an important step to reenergize the lenders to make SBA-backed loans and will help open the gateway of capital for entrepreneurs."

By addressing market issues that were impeding the funding streams for both lenders and small businesses, SBA is making capital more available to America's small businesses. The SBA will be issuing additional technical guidance to lenders in the coming weeks relating to the implementation of these important changes.

For more information on the interim final rule or to share your comments, visit www.regulations.gov. To learn more about SBA's guaranteed loan programs visit www.sba.gov.

CHECKOUT THE NEW AND IMPROVED MISSISSIPPI SBA WEBSITE

Visit www.sba.gov/ms to view new business development tools and other improvements on the Mississippi SBA website. Enhancements include: Requesting a FREE SBA Information Packet to start a new business or grow an existing business; A new online 8(a)

Assessment Tool for businesses interested in selling their goods and services to the Federal Government; Updated list of participating lenders utilizing SBA's loan programs; Success stories of individuals like you who started their business using

SBA products; Signup for a FREE SBA Loan Clinic or 8(a) Certification Workshop; Subscribe to the SBA Mississippi Magnolia Newsletter which also offers breaking news bulletins and e-mail alerts; and many more items of interest to small business owners.

Helping small businesses **start, grow** and **succeed**.



Your Small Business Resource

Military Reservist Working Capital Loan Program Expanded

Legislative changes effective October 28th made SBA's Military Reservist Economic Injury Disaster Loan (MREIDL) program more accessible to small businesses facing financial loss when the owner or essential employee is called to active military duty by extending the application period, increasing the unsecured loan threshold, and raising the maximum loan limit. Under the new rules, a small business can apply for an MREIDL on the date the essential employee receives notice of the expected call-up. The application period is extended to one year after the essential employee is dis-

charged from active duty, an increase from the previous 90-day application window. In addition, the small business is no longer required to pledge collateral to secure an MREIDL of \$50,000 or less. Previously, the business was required to put up collateral if the loan amount exceeded \$5,000. The Small Business Disaster Response and Loan Improvements Act, passed in May 2008, also increased the MREIDL cap from \$1.5 million to \$2 million. The MREIDL is a direct working capital loan, and the funds may be used to cover operating costs until the essential employee or business owner is released from

active duty. An "essential employee" is defined as an individual (whether or not the owner of the small business) whose managerial or technical skill is critical to the successful daily operation of the business. The interest rate on these working capital loans is 4 percent, with terms up to a maximum of 30 years. Businesses can apply online by going to the Web site at www.sba.gov/services/disasterassistance. Contact SBA's Disaster Assistance Customer Service Center at 800-659-2955 or by e-mail at disastercustomerservice@sba.gov to request an application.

"The SBA is proud to be able to support the men and women who serve in America's military services," said SBA Acting Administrator Sandy K. Baruah. "Their service is not only honorable and selfless, but it makes them more talented and resourceful employees when they return home. That makes it doubly important that the small businesses they left when they were called to active duty are still operating when they come home. As they have worked to defend their country, the SBA's military reservist loan program aims to support those small businesses by providing the funds needed to cover their expenses and continue successful operations."

SBA Introduces Website for Baby Boomer Generation

SBA unveiled a Web site geared to help the Baby Boomer entrepreneur considering benefits and rewards of business ownership. The site, www.sba.gov/50plusentrepreneur, features interactive information and a self-assessment feature to help 50-plus entrepreneurs Components determine their infor-

mation on borrowing, credit readiness, risks, and how to devise a plan of action at every phase of business development. This is the first new offering under the structure of the re-launched Office of Entrepreneurship Education (OEE).



Show Me the Money

Tightened credit reduced SBA guaranty demand pushing SBA loan volume down in FY08. Although SBA posted a record year in 2007 with nearly 100,000 loans approved **nationally**, that number dropped by nearly 30 percent in 2008. The dollar value of those loans declined by 13 percent, from a combined \$20.6 billion in 2007, to \$17.96 billion in 2008. Average loan size increased

from \$142,000 in FY 2007 to \$183,000 in FY 2008, demonstrating that by increasing the average amount, these



loans may in fact contribute to expanding more sustainable and successful small businesses.

In Mississippi, through the 4th quarter of FY08 (July 1, 2008 – September 30, 2008) the Mississippi SBA office approved 489 loans to Mississippi small businesses totaling more than \$123.2 million. Click on "Show Me the Money" at www.sba.gov/ms to view a list of loans by lender.

SBA Provides Link to Federal Post-Disaster Contracting Opportunities for Small Businesses

Information about federal contracting opportunities for small businesses able to support post-disaster cleanup and rebuilding in areas devastated by recent storms and flooding is now accessible through the U.S. Small Business Administration's Disaster Contracting Assistance Center. The DCAC provides a central point of reference for small businesses, particularly minority, women and veteran-owned businesses, to register for and learn about federal contracting opportunities. Business owners can visit the Web site at

www.disastercontractingassistance.gov for a detailed look at how to seek government contracts. Also on the main page is a link to FedBizOpps, which allows businesses to sign up for e-mail notification of open contracts related to specified fields.

In addition, steps on how to register for a Data Universal Number System identification number from Dun & Bradstreet, and information on how to sign up with the Central Contractor Registration — which establishes a company's eligibility to seek federal contracts—are provided on the DCAC site. The site also provides information on

prevailing wages in construction contracts, sub-contractor information and federal acquisitions regulations. The DCAC can be contacted by phone at 1-888-4USADOC (1-888-487-2362) Monday through Friday 7 a.m. to 8 p.m. CST, and 8 a.m. to 8 p.m. CST Saturday and Sunday.

Contact the center by e-mail at disastercustomerservice@sba.gov. For more information about SBA's Disaster Assistance program, visit the Web site at www.sba.gov/services/disasterassistance.

"A vast area—from the Gulf States to the Midwest—suffered millions of dollars in property damage when these massive storms struck, and the rebuilding projects will stretch well into next year," said Acting SBA Administrator Sandy K. Baruah. "We want to make sure small businesses have the opportunity to seek federal contracting dollars, armed with detailed information that will make it possible for them to take advantage of the network of available resources."

IRS 2009 Small Biz Tax Calendar Ready for Small Businesses

The IRS 2009 Small Business/Self Employed Tax Calendar is stocked and ready to go. With its professional illustrations, in-depth business tax information, and day-to-day reminders for which business taxes are due when, the 12-month wall calendar has always been a popular item. The calendar is FREE.

Entrepreneurs can also download the business tax dates and reminders directly to their Microsoft Outlook calendars, and access the information via hand-held organizers.

To order, visit the tax calendar ordering page at www.irs.gov/businesses/small/article/0..id=176080.00.html

or call the IRS at (800) 829-3676.

To get the latest IRS information, subscribe to the free "IRS Newsletter for Small Businesses" at www.irs.gov/businesses/small/article/0..id=154825.00.html

Free Counseling Available through SBA Resource Partners

Women's Business Center — The Crudup-Ward Activity Center (CWAC) located in Forest, MS and the Mississippi Action for Community Education, Inc. (MACE) located in Greenville, MS provide one-on-one business and financial counseling and technical assistance for women, and others, seeking to start a new business or improve their existing business. Call CWAC at (601) 469-3357 or MACE at (662) 335-

3523 for more information. **SBDC** — The Mississippi Small Business Development Centers provide a variety of business services to startups and existing businesses statewide including counseling, workshops and information services. Call 1-800-725-7232 or go online at www.mssbdc.org to find the SBDC office nearest to you. Also, visit www.sba.gov/ms and click on the 'Events Cal-

endar' on the right of the website to find a workshop near you.

SCORE — The Service Corps of Retired Executives, is America's premier source of free & confidential small business advice for entrepreneurs. SCORE has helped more than seven million small businesses. Visit their website at www.scoregulfport.org or call (228) 863-0054 for information.

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The U.S. Small Business Administration (SBA) was created on July 30, 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. We recognize that small business is critical to our economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. Since its founding, the U.S. Small Business Administration has delivered about 20 million loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses. Although SBA has grown over the years, the bottom line mission remains the same. The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam.



HAPPY HOLIDAYS!

SBA OFFERS NEW ONLINE TRAINING FOR EXPORTERS

Global Enterprise: A Primer on Exporting is a free, self-paced course that provides practical guidance on exploring international markets. The new course is available from the Small Business Administration training Web site at www.sba.gov/training. To access the course, click on "Free Online Courses," and then select the first course listed under International Trade.

The course is a comprehensive training module using script and audio to provide fundamental information about selling in global markets. It illustrates how to identify international markets, develop an export strategy, make and receive international payments, and finance trade operations, plus guidance on determining a firm's readiness and suitability for exporting. The Exporting

Primer includes more than 45 direct links to many key international resources. Exporting can be an avenue to tap into the increasing global marketplace. There are some 236,000 small business exporters, representing 97% of all U.S. exporters, and they generate some 30% of export sales. In 2007, U.S. exports of goods and services amounted to \$1.6 trillion, with small businesses accounting for nearly \$500 billion of those exports. In addition, the SBA's partnership with the U.S. Department of Commerce and the Export-Import Bank offers federal export programs and services through the U.S. Export Assistance Centers. Small businesses can receive a full range of business export assistance under one roof to makes it easier to get the help needed to compete and succeed in the global market-

place. Course participants completing the 30-minute online training programs can earn a certificate of completion from the SBA, with their name, date and course title.

The Export Primer course is one of nearly 30 online tutorials offered by the SBA on its virtual campus, the Small Business Training Network (www.sba.gov/training). SBTN is part of the SBA's Office of Entrepreneurship Education (OEE), which combines the agency's online education programs, youth outreach, and outreach to underserved markets under a single umbrella.



Helping small businesses
start, grow and succeed.



Your Small Business Resource