

New Ways to Improve Small Businesses Access to Capital

Due to the recent, unprecedented disruption in American and International capital markets, the President's Working Group on Financial Markets announced that the U.S. government would initiate a broad range of actions and initiatives designed to stabilize and restore confidence in our financial markets and reestablish continuing American economic growth.

Many SBA lenders' source and cost of funds is partially or completely based on the London Interbank Offered Rate (LIBOR) rather than the Prime Rate. SBA's requirement for lenders to use the Prime Rate (or SBA's Optional Peg Rate) to price 7(a) loans unnecessarily complicates their business practices and expands their risk, which increases their costs for making such loans. LIBOR rates, which are shorter term interbank lending rates, have consistently been about 3 percentage points less than the Prime Rate, which has historically been the lending rate charged by U.S. banks to their best customers. This 3 percentage point differential between many of SBA's lenders' cost of funds and the Prime Rate, which is the basis for SBA's interest rate maximums, has helped SBA lenders to profitably make small business loans.

Recent volatility and uncertainty of the international financial markets, the 3 percent spread between LIBOR and Prime has been greatly reduced, and on some days LIBOR has actually exceeded the Prime Rate. The Agency has therefore revised its regulation at 13 CFR 120.214(c) and, henceforth, the allowable base rate establishing the maximum interest rate lenders may charge for SBA 7(a) loans will be the following: 1) Prime Rate; 2) Thirty day (1 Month) London Interbank Offered Rate plus 3 percentage points; or 3) Optional Peg Rate. The Prime or LIBOR rate will be that rate which is in effect on the first business day of the month, as identified in a national financial newspaper or newspaper website each business day. SBA publishes the Optional Peg Rate quarterly in the Federal Register. Base Rates will be rounded to two decimal places with .004 being rounded down and .005 being rounded up. These changes are applicable to 7(a) loan applications that lenders may currently have in process, but they are not applicable to loan applications that have already been received by SBA.

For additional information go to: <http://www.sba.gov/aboutsba/sbaprograms/elending/authorizations/index.html>.

Helping small businesses
start, grow and succeed.



Your Small Business Resource

Active Lender Rankings FY 2009 YTD: October 1, 2008 – October 31, 2008

Lender	7(a) Approvals	Gross 7(a) \$'s	504 Participation Loans	504 Participation \$'s
BB&T	9	\$ 2,063,000		
Superior Financial Group	9	\$ 87,500		
Surrey Bank & Trust	5	\$ 786,500		
Bank of Granite	4	\$ 387,000		
Innovative Bank	4	\$ 100,000		
Self Help Credit Union	4	\$ 155,000		
Banco Popular	4	\$ 1,192,400		
Bank of America	3	\$ 90,000		
Borrego Springs Bank	2	\$ 100,000		
Home Loan Investment Bank	2	\$ 1,250,000		
PNC	2	\$ 295,800		

Certified Development Corps.		
Self-Help Ventures Fund	3	\$ 1,313,000
BEFCOR	1	\$ 296,000
Neuse River Development	1	\$ 2,000,000

Veterans Small Business Grants Awarded

The SBA has awarded more than \$450,000 in Veterans Assistance and Services Grants to fund programs that promote business ownership for veterans and services to small businesses, including those dealing with deployment of key personnel overseas.

The successful grantees are the Research Foundation at the State University of New York, the University of Arkansas at Little Rock, the University of Kentucky Research Foundation in Lexington, the University of Texas at San Antonio, and George Mason University in Virginia. Among the services provided by the grantees are the expanded delivery of services to the nation’s 23.8 million veterans, the use of multimedia tools to connect veterans through distance learning and online business counseling. Each SBDC will provide customized services to reach out to the veteran business community to help coordinate services across organizations the SBDC will create an eNewsletter targeting veteran resource organizations. The eNewsletter will promote online counseling, distance education, and other veteran services. The grant recipients will use technology including social networking sites, blogs, webcasts and streaming video to reach active duty military personnel, veterans living in rural areas, and the growing numbers of younger veterans. For example, the Arkansas SBDC will offer online courses and counseling specifically designed for veterans, as well as a dedicated blog and RSS feeds. In addition, the Virginia SBDC will produce a series of Web-based training videos and join the Kentucky SBDC in promoting them on YouTube.

Business development specialists at the SBDC of the University of Texas have designed a brick and mortar classroom course called “Boot Camp for Veterans.” This class will take veterans through the basics of starting their own small businesses. The SBDC will also offer an integrated Web-portal that will be a one-stop shop for veteran services.

Reminder: “Small Business Days”

The North Carolina District Office is offering “Small Business Days” at the following chambers. “Small Business Days” will offer chamber members and other small business owners the opportunity to discuss SBA loan programs with an SBA Marketing and Outreach Specialist. The Chamber will schedule the appointments for the business owners.

Location	Day	Hours	Phone Number
Cary	Third Wednesday	10 a.m.- 2 p.m.	919-467-1016
Charlotte	Fourth Tuesday	9 a.m. - 4 p.m.	704-344-6563
Gastonia	Third Tuesday	9 a.m. - 1 p.m.	704-864-2621
Greensboro	First Tuesday	10 a.m.- 2 p.m.	336-510-1234
Hendersonville	Second Tuesday	9 a.m. - 12 p.m.	828-692-1413
Hickory	Second Tuesday	10 a.m.- 2 p.m.	828-328-6000 x224
Mooresville	First Thursday	9 a.m. - 2 p.m.	704-664-3898
Salisbury	Fourth Wednesday	9:30 a.m. - 2 p.m.	704-633-4221

IRS’s Latest Hot Product

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.

Small business and self-employed taxpayers can also download the business tax dates and reminders directly to their Microsoft Outlook calendars, and access the calendar via electronic organizers and portable hand-held devices.

New 2009 topics include:

- The 2008 Economic Stimulus Act
 - Section 179 Expensing
 - Minimizing Identity Theft
 - Disaster Recovery for Small Businesses

To order, visit the [tax calendar ordering page](http://www.irs.gov/businesses/small/page/0,,id=82780,00.html) at <http://www.irs.gov/businesses/small/page/0,,id=82780,00.html> on IRS.gov or call the National Distribution Center at (800) 829-3676. Early orders are being accepted for the Spanish version. The tax calendar will be available [online](http://www.irs.gov/formspubs/lists/0,,id=97819,00.html) at <http://www.irs.gov/formspubs/lists/0,,id=97819,00.html> by early December and in Spanish (Pub 1518SP) by mid-November.

To get the latest IRS information and learn about IRS products and services as they become available, start a FREE subscription to [e-News for Small Businesses](http://www.irs.gov/businesses/small/content/0,,id=154826,00.html); just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit.

7 Ways to Keep Your Business Afloat

Running a business is never a sure bet, but sometimes it can feel like you're caught between the proverbial rock and a hard place. What can you do when things get tough? How can you get ahead when your business is beginning to make you think of a bus emptying out on the last run of the day? Here are several strategies to consider:

Reinvent your business - You don't have to be a venture-backed high-tech company to reassess your business model. Sit back and take a cold, hard look at your strengths and weaknesses and possible markets. Revise your business plan, then start to work your plan.

Contact former customers - Don't assume that a customer who stopped buying from you in the past will never buy from you again. Customers' needs and circumstances change, just as yours do. The customer who went with a lower-priced competitor may be dissatisfied with the quality or service and be receptive to a call from you today.

Contact competitors of present or former customers - If a company needs what you sell, there's a good chance their competitors do too. Industry groups you belong to, trade shows, seminars, and friends in the industry can all help you identify likely prospects.

Call former prospects - The bigger a business, the slower they are to move. The project that was put on indefinite hold last summer may become urgent this spring. The more recently you've contacted a client, the more likely they'll be to remember your name - and your phone number - when they are ready to buy.

Sell additional products and services to existing customers - Often the easiest way to bring in new business is to sell more to your existing customers.

Work your Rolodex® - Labor statistics show people entering the workforce today are likely to change jobs seven to 10 times in their careers. You can position yourself for new sales just by keeping in touch with people as they change jobs.

Team up with other vendors for joint sales - Recommendations and referrals are among the leading sources of new business for small businesses. An easy way to get more referrals is to team up with other businesses who sell to the same market but don't directly compete with you.

Excerpts take from an article by Janet Attard – Business Know How

Training Activities and Events

Let us help you promote your training activities and seminars. We can post them to our website calendar. Four weeks lead-time is required. E-mail updates to april.gonzalez@sba.gov or call (704) 344-6811.

Quote of the Month

Energy and persistence conquer all things.
- Benjamin Franklin

Happy Thanksgiving

