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Your Small Business Resource

LOAN REPORT AS OF SEPTEMBER 30, 2008

7(a) and 504 Loans Combined

Bank	Number Approvals	Dollars (In Thousands)
Huntington National Bank	264	\$45,202
Charter One Bank/RBS Citizens	164	\$8,088
National City Bank	160	\$19,884
JP Morgan Chase Bank	111	\$17,518
FirstMerit Bank	98	\$19,482

504 Loans

Bank	Number 504 Approvals
Huntington National Bank	22
FirstMerit Bank	19
National City Bank	17
KeyBank	9
JP Morgan Chase Bank	8

CDC	Number 504 Approvals	Dollars (In Thousands)
Growth Capital Corp.	54	\$18,221
Cascade Capital Corp.	20	\$12,158
Lake County SBAC	11	\$3,422
Community Capital Dev. Corp.	7	\$4,366
Mahoning Valley Economic Dev. Corp.	7	\$5,530
Ohio Statewide, Inc.	6	\$5,441
Stark Dev. Board Finance Corp	6	\$1,499
Mentor Economic Assistance Corp.	4	\$863
Horizon Certified Dev. Co., Inc.	3	\$2,563
Northwest Ohio Dev. Assistance Corp.	3	\$1,834
SEM Resource, Inc.	3	\$2,651
West Central Partnership	2	\$234

In News for Our Lending Partners:

- Changes to 7(a) and 504 Guaranty Fees Effective October 1, 2008
- 1st Quarter "Peg" Rate and Direct Interest
- FY 09 Community Express Loan Volume Limits and SBA Efforts to Broaden Lender

News for Our Lending Partners

Changes to 7(a) and 504 Guaranty Fees

Effective October 1, 2008

Each year SBA reviews the fees payable to SBA by 7(a) participating lenders (Lenders), certified development companies (CDCs), and borrowers to determine if they are sufficient to cover the estimated costs of the 7(a) and 504 loan programs. The purpose of this notice is to announce the revised fees for both programs for loans approved during FY 2009, beginning October 1, 2008. The fees being revised are imposed under Section 7(a)(23) of the Small Business Act and Sections 503(b)(7) and 503(d)(1) of the Small Business Investment Act. (At this time, there are no changes to any of the other fees payable to SBA in either the 7(a) or 504 loan programs.)

The 7(a) program fees paid to SBA will keep the 7(a) program at a zero subsidy rate. The CDC program will have a negative subsidy rate for 2009 because the SBA does not have the authority to reduce any other fees.

7(a) Loan Program

For 7(a) loans approved on or after October 1, 2008, the "yearly fee" due from participants to SBA will be 0.55 percent (55 basis points) of the guaranteed portion of the outstanding balance on the 7(a) loan. In the 7(a) Authorization Wizard this is referred to as the "ongoing service fee."

504 Loan Program

For 504 loans approved on or after October 1, 2008, the "ongoing guarantee fee" paid by borrowers to SBA will be reduced from 0.021 percent (2.1 basis points) of the outstanding balance of the 504 loan to zero basis points. In addition, the one-time guaranty fee that SBA is authorized to charge 504 borrowers remains at zero basis points.

1st Quarter "Peg" Rate and Direct Interest

The interest rate on Section 7(a) Direct Business Loans is 5 5/8 percent (5.625%) for the fiscal quarter beginning October 1, 2008. (Information only – no direct funds available at this time.)

The optional peg rate for fluctuating interest rates on guaranty loans is 4 5/8 percent (4.625%) for the October - December quarter of FY 2009.

Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for a commercial loan which funds any portion of the cost of a project (see 13 CFR 120.801) shall be the greater of 6% over the New York Prime rate or the limitation established by the constitution or laws of a given State.

FY 2009 Community Express Loan Volume Limits and SBA Efforts to Broaden Lender

With the impending changes to the Community Express Pilot Program, the Agency is continuing to ensure that the program is effectively and efficiently managed and that it is properly positioned to meet the needs of underserved markets. Also, to mitigate the Agency's portfolio risk as well as to ensure the program remains in

compliance with certain restrictions over SBA pilot program lending, the Agency must closely monitor and limit the number of loans approved under Community Express. As a result, SBA is providing advance notice about the Agency's plans to limit the number of loans individual lenders may approve under Community Express during FY 2009.

As SBA moves forward on October 1, 2008, to implement the changes to Community Express described in the notice published in the Federal Register on June 30, 2008 (and further detailed in SBA Procedural Notice 5000-1068), the Agency will continue to limit its loan volume and will seek to diversify its lender participation. Diversifying lender participation will encourage competition and innovation under the program, ensure greater geographic coverage, encourage more small, community-based lenders to participate, and help mitigate SBA's risk. Thus far, a very limited number of lenders have accounted for the vast majority of SBA's Community Express loan volume. In order to expand lender participation in the program, SBA will continue to allow new lenders to participate in Community Express, but will limit the number of loans individual lenders can approve.

In developing monthly loan limits under Community Express, SBA has analyzed the number of Community Express loans produced by individual Community Express lenders over the last few years. SBA has found that while a few lenders have made substantial numbers of Community Express loans, the vast majority have averaged fewer than 10 Community Express loans per month. The Agency has also contacted many of these small volume Community Express lenders to discuss their plans to utilize the Program in FY 2009.

As a result of these discussions and SBA's analysis, and to encourage broader lender participation while ensuring SBA remains within the restrictions on the number of Community Express loans it may annually approve, the Agency will limit small volume Community Express lenders to no more than 10 Community Express loans per month during FY 2009. However, for those small volume Community Express that have an established Community Express-specific business plan for FY 2009 that would exceed 10 Community Express loans per month, SBA will consider exceptions to this limit on a case-by-case basis.

Lenders seeking exceptions to the 10 per month loan limit should send a copy of their business plan as it relates to Community Express for FY 2009 to charles.thomas@sba.gov and to stephen.kucharski@sba.gov. These plans should make clear the number of Community Express loans the lender anticipates making on a monthly basis for each of the next three years, generally how the lender intends to accomplish this expansion, how the Community Express product fits in with the lender's utilization of other SBA loan products, the lender's plans for providing substantive technical assistance to its expanding numbers of Community Express borrowers, and other relevant information. In granting exceptions to the monthly loan limit, SBA will consider a lender's experience and proficiency in making Community Express loans; its adherence to applicable SBA policies and procedures, including the technical assistance requirements under Community Express; its number of Community Express loan approvals in

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Akron Accelerator Celebrates 25th Anniversary

Over 200 people gathered September 26 to celebrate the 25th anniversary of the Akron Global Business Accelerator, formerly know as the Incubator, located in the former BF Goodrich complex in downtown Akron. On hand to offer congratulations were Akron Mayor Don Plusquellic and State Senator Tom Sawyer.

The Accelerator is presently home to 40 fledgling companies working in such areas as medical devices and alternative energy. The Accelerator is also home to the Summit Medina Business Alliance, the SBDC, which provides valued support to the tenants. The top three stories of the 320,000 square-foot facility are focused on technology oriented enterprises.

Overall employment at the Accelerator has grown from 113 a year ago to about 230 today and revenues for all companies have increased by about \$12 million. The Accelerator caught the attention of the National Business Incubation Association which recognized it as the most innovative incubator for 2008.

Right Hand Management, an Accelerator tenant, organized the event. ♦



Akron Mayor Don Plusquellic (right) addresses the crowd.

Over 200 people attended the event.



Accelerator Director Mike Leberer (on left), and assistant Terry Martell

The Akron Global Business Accelerator Unveils PC Instructional Lab

As part of the 25th Anniversary festivities at the Akron Global Business Accelerator, the new PC Instructional Lab was unveiled. The lab has one instructor station, 10 user stations and a printer. The project is a collaborative effort of the Ohio Small Business Development Center, OSBDC at the Summit Medina Business Alliance, Inc. , the Akron Global Business Accelerator, AGBA and Technology Management Solutions, TMS Data Services. The PC Lab is the brainchild of the Ohio Small Business Development Center which is located in the Accelerator. The OSBDC recognized the need to provide hand-on training on products like QuickBooks.

In March, 2008, the SBA contacted the Ohio SBDC Lead Office in Columbus announcing additional funding was available for one-time projects. The Akron SBDC proposed a PC Instructional Lab. The project received \$7,500 from these funds. The SBDC approached the Akron Global Business Accelerator to see if the Accelerator had interest in collaborating on the project. They were excited about being able to offer additional computer services to tenants and visitors. The SBDC then approached TMS Data Services, one of the Accelerator tenants, about hardware pricing. It turned out that TMS was considering implanting a PC Lab /Hot Site (a



SBDC and TMS staff members

place to temporarily restore and use backed up computer data in the event of a disaster). TMS also wanted to collaborate on the project. Intuit, a provider of Business software, has provided courseware and 30 user licenses of QuickBooks. Microsoft will also be providing some software.

With all of the collaborations, the \$7,500 in seed funds has now yielded a multi-purpose PC Lab worth three to four times that amount. The first pilot training is planned to focus on understanding QuickBooks and will be offered in the Fall of 2008. ♦

WANTED: National Small Business Week Nominees

In recognition of the small business community's contribution to the American economy, the President of the United States designates one week each year as National Small Business Week. As part of this special week, SBA presents awards to deserving entrepreneurs and small business champions/advocates at the district, state and national levels. We are already beginning our preparations for Small Business Week '09, but we need your help making the week a success! We are seeking nominees for the awards that will be distributed during Small Business Week.

If you know of someone deserving of consideration for these prestigious awards, please contact Jim Donato at (216) 522-4180, ext. 215. Jim can provide details of the nomination process. We hope to accept applications for various award categories, including Small Business Person of the Year, Small Business Exporter of the Year, Financial Services Champion of the Year, Minority Small Business Champion of the Year, Women in Business Champion of the Year, Veteran Small Business Champion of the Year, Small Business Journalist of the Year, SBA Family-owned Small Business of the Year, and others.

We know we have great small businesses and small business champions here in the area – let's see if we can get one recognized at the National level during Small Business Week '09!!!♦

SBA's Business Gateway Program Wins Prestigious Search Engine Award

Business Gateway is the only government program to win

The U.S. Small Business Administration (SBA) Business Gateway Program was selected by the Search Engine Strategies (SES) Conference for the prestigious Best Use of Local Search award on August 20, 2008, the only government finalist in any category. Business Gateway was selected over two private sector companies.

In celebration of its 10th anniversary, SES incorporated its first annual awards, honoring 15 outstanding "search marketers." The Business Gateway Program was selected as the winner of the "Best Use of Local Search" category because of its unique solution for handling geographically oriented search queries. Business Gateway is a cross-agency program providing small businesses with a single access point – www.business.gov – to easily find government information, including forms and compliance assistance resources and tools. Business.gov uses the Google search engine and is able to improve upon it by intelligently reading a user's query for geographic context (city, state, zip code). The Business.gov search feature returns only the most relevant results that align with the specific geographic area for which a user is seeking information.

"This award demonstrates SBA's commitment to providing innovative services to the small business community," said Sandy K. Baruah, Acting Administrator of the U.S. Small Business Administration. "We are proud of the work Business.gov has done to help our nation's businesses." The SES Award is one of the most recent of eight noteworthy award recognitions for the Business Gateway Program this year. Nancy Sternberg, the Business Gateway Program Manager, comments on the continued success of Business.gov: "It is truly an honor to be gaining so much recognition for doing something we at Business.gov feel so passionate about. At the end of the day, as long as we're saving business owners' time and money, we've done our jobs. These awards are icing on the cake."

About Search Engine Strategies

Search Engine Strategies is the leading global conference and exposition dedicated to search engine marketing, optimization, and online advertising tactics and best practices. The conference is held annually over five days in San Jose, CA, attracting top industry leaders. SES is the single most important, relevant conference in the search engine marketing industry.

Business.gov is the official business link to the U.S. Government, and is managed by the U.S. Small Business Administration in partnership with 21 other federal agencies. This partnership, known as Business Gateway, serves as an incubator of technologies designed to improve the delivery of services and information to the nation's small business community. Originally launched in 2004, Business.gov provides a single access point to government services and information to help the nation's businesses with their operations. ♦

SBA Ranks 7th in Federal Agency E-Government Effectiveness; Brookings Institute Study Shows Major Agency Improvement

The U.S. Small Business Administration jumped from 13th in 2007 to 7th in 2008 in rankings of overall electronic-government effectiveness, according to a recent Brookings Institute study. The report, "State and Federal Electronic Government in the United States, 2008," by Darrell M. West, assessed whether state and federal e-government initiatives effectively use interactive Web features to improve service delivery and public outreach. Federal Web sites are rated by the same criteria as those of the 50 states. An identical e-government index rates federal Web sites on contact information, publications, databases, portals and number of online services. The top federal e-government performers in 2008 are the national portal USA.gov, followed by the Department of Agriculture, General Services Administration, Postal Service, Internal Revenue Service, Department of Education, Small Business Administration, Library of Congress, Department of Treasury and the Federal Reserve Board.

"At SBA, our responsibility goes beyond providing access to capital to help small businesses," said Sandy K. Baruah, SBA's Acting Administrator. "Thanks to a commitment to improving entrepreneurship education and training under the leadership of former Administrator Steve Preston, we are also giving small businesses the tools to succeed. Whether you are starting or expanding a small business and need help developing a business plan, targeting clients, or establishing a budget or need additional training, technical or financial assistance, SBA is here to help and the SBA Web site, www.sba.gov, is the best place to start."

Recently lauded by Money Magazine, the SBA continues to improve its Web site's reputation in order to help small businesses start, grow and succeed. After a concerted effort to improve all aspects of the Web site, it has outperformed conventional Web site standards in areas such as: design, navigation, site performance and search capabilities. It also exceeded standards for its ability to return visitors to the site and have them recommend it to others. Content, functionality and overall satisfaction continue to grow.

The SBA Web site offers more than 15,000 pages of information on starting, financing, developing and managing a successful business. Topics include information on SBA-backed financial assistance, contracting opportunities, training and counseling, disaster recovery, and international trade, to name just a few. On average, the site has over one million unique visitors per month. Useful links to regulatory compliance and forms through www.business.gov and numerous related key sites are also available. Small businesses can access online tools such as timely advice from experts, pod casts on topical business issues and services, a library, periodic newsletter, startup guide, statistics and much more. Key contact information for local SBA District Offices, Small Business Development Centers, Women's Business Centers, SCORE Chapters and Veterans Business Outreach Centers nationwide and in U.S. territories, are available. ♦

"Whether you are starting or expanding a small business and need help developing a business plan, targeting clients, or establishing a budget or need additional training, technical or financial assistance, SBA is here to help and the SBA Web site, www.sba.gov, is the best place to start."

*— Sandy K. Baruah,
SBA Acting Administrator*

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recent years; the performance of its Community Express and 7(a) loan portfolios; the findings and results of any Office of Credit Risk Management oversight/analyses; and other relevant information. During FY 2009, SBA will periodically assess program risk and effectiveness, the volume of Community Express loans, and the volume of 7(a) loans, and SBA will consider modifications to the monthly loan limits as appropriate. The Agency also encourages all Community Express lenders to utilize other 7(a) loan products in addition to Community Express. SBA also urges all Community Express lenders to take advantage of E-Tran, which will help them manage their monthly loan limits and will expedite the transmission of their loan applications to SBA. (Lenders may sign-up for E-Tran at: <https://eweb.sba.gov/gls>.) If you have any questions on this or any SBA loan matter, please contact our Lender Relations division at (216) 522-4180. ♦

Two New Products on IRS Web Site Enable Small Businesses and the Self-Employed to Easily Locate Essential Information

Two new IRS products make it easier for small businesses and the self-employed to locate the information they need on the IRS's official Web site, IRS.gov. These new products are part of a year-long campaign at <http://www.irs.gov/newsroom/article/0,,id=181721,00.html> to help educate new self-employed small business owners about federal tax responsibilities and about filing Schedule C, Profit or Loss from Business.

Publication 4667, Tax Information for Small Businesses and the Self-Employed, a free, laminated bookmark, provides Key Search Words to help them locate important tax information on IRS.gov quickly and easily. They can order this free laminated bookmark on the Small Business Products Online Ordering page. <http://www.irs.gov/businesses/small/article/0,,id=101169,00.html>.

A new page on IRS.gov at <http://www.irs.gov/businesses/small/article/0,,id=115045,00.html>, "Self-Employed Individuals Tax Center", is a one-stop, starting point for small businesses and self-employed taxpayers who file Schedule C with their Form 1040 and provides links to information on the most common issues new business owners face.

To get the latest information about other future Schedule C program events and learn about new products and services as they become available, start a FREE subscription to e-News for Small Businesses; 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. ♦

SBA Submits Final Women's Contracting Rule

On Friday, the U.S. Small Business Administration submitted to the Federal Register its final rule concerning women-owned small business (WOSB) contracting procedures, plus a new proposed rule on the industries eligible for WOSB contract assistance. The rule was submitted in advance of this morning's hearing in a federal lawsuit that requires SBA to show progress toward finalizing the rule. The proposed rule introduces a new data source that, if adopted, would significantly increase the number of industries under which a set aside could be established to 31, from the four that were permissible under the previously proposed data set.

The proposed rule notifies the public of an inherent limitation with the data set used by the Kauffman-RAND Institute for Entrepreneurship Public Policy (RAND) to determine in which industries WOSBs are underrepresented. SBA recognized the limitation during hearing preparations for its Administrator-designee. The data limitation was not among those specifically disclosed by RAND in its study and consequently was not discussed in the proposed rule. None of the public comments SBA received on the original rule noted this issue, although it was inherent to and discoverable from the underlying data disclosed to the public.

In the newly proposed rule, SBA describes an alternative data set which was not available for the RAND study or the previously proposed rule and was obtained by SBA from the U.S. Census Bureau. The new proposal gives the public a 30-day period to comment on the available data sets. The comments will be evaluated to determine the best available data to determine in which industries WOSBs are underrepresented in federal procurement. The final rule submitted sets forth procedures for implementing set asides in the eligible industries. The procedures are similar to those set forth in the proposed rule published on December 27, 2007. ♦

SBA Office of Advocacy Answers Frequently Asked Questions (FAQs)

The Office of Advocacy now offers an updated edition of its FAQ pages that addresses such questions as:

- "What is a small business?"
- "How many businesses open and close each year?"
- "How do regulations affect small firms?"
- "What is the role of women, minority, and veteran entrepreneurs?"

In addition, useful statistical tables on Business Starts and Closures and Federal Regulations by Firm Size are presented. The pages may be accessed at: www.sba.gov/advo. ♦