



Cleveland District Office News

Information for the Small Business Community

August 2007

U.S. Small Business Administration
Cleveland District Office

1350 Euclid Avenue, Suite 211
Cleveland, Ohio 44115-1815

Phone: 216-522-4180
Fax: 216-522-2038

August 2007 Newsletter
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For More Information
SBA Home Page: www.sba.gov

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam.
- For the office nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk.
- SBA Answer Desk: 1-800 U ASK SBA

All of the SBA's programs and services are provided to the public on a non-discriminatory basis.



LOAN REPORT as of July 31, 2007



Total Loan Volume – JULY 2007 (7(a) and 504 Combined)

Bank	Number of Loans	Dollars (In Thousands)
National City Bank	283	\$30,803
Charter One Bank	210	\$8,863
Huntington National Bank	173	\$15,969
JP Morgan Chase Bank	148	\$15,750
U.S. Bank	123	\$7,693

504 Loans

Bank	Number of 504s
National City Bank	21
FirstMerit Bank	16
Key Bank	12
Sky Bank	9
Huntington National Bank	8

CDC	Number of Approvals	Dollars (In Thousands)
Growth Capital Corp.	48	\$19,082
Cascade Capital Corp.	22	\$13,431
Mahoning Valley Economic Development Corp.	11	\$4,102
Community Capital Development Corp.	10	\$5,944
Northwest Ohio Dev Ass't	9	\$2,528
Lake County SBAC	7	\$2,029
Stark Development Board	7	\$1,754
Mentor Economic Ass't Corp.	2	\$575
West Central Partnership	2	\$2,182
Ohio Statewide	1	\$95

Wanted: 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 '08, 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, 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 '08!!!♦

Business.gov Website Expands With New Features

Business.gov continues to expand its offerings of resources and tools to help small businesses comply with federal government regulations. Responding to feedback from its business community users, Business.gov has developed a tool that helps businesses determine their license and permit requirements. The site, at www.business.gov, also has expanded the content and context of the information contained in its Compliance Guides and developed relationships with other government and non-governmental organizations to provide more in-depth compliance resources.

Business.gov's new "Permit Me" feature provides a single source for obtaining federal, state, and local permits and professional licenses for businesses. While every business in the United States is required to obtain a permit, professional license, or identification number to operate, finding the right license can be a major challenge for potential business owners. Although some states offer assistance to help individuals understand their local permit and license requirements, not all provide federal information. This information gap results in an additional burden to business owners as they must locate, research and understand federal, state, and local government resources separately and then compile the information to gain a comprehensive understanding of their regulatory requirements. "Permit Me" allows businesses to navigate to a single destination and presents a list of licensing and permit resources across all the federal, state and local domains.

Business.gov has also added "Feature Topics" that focus on common business concerns and that will be continually updated on a timely basis. Featured Topics provide context to the compliance information provided on the site and help business owners understand in plain language the regulatory requirements their businesses face. Regulatory information is typically written from the individual agency's perspective and can fail to adequately explain the impact of the requirement on business operations or the steps required to comply. The failure to develop compliance assistance information that addresses the practical concerns of the business community adds to business' owners compliance problems. The Content Partners Program has been established to formalize relationships with government agencies, trade associations and professional organizations to develop compliance assistance tools and resources for small and medium-sized businesses. Content Partners will provide domain specific compliance information to Business.gov ultimately to develop compliance resources that will be featured on the Business.gov is managed by the U.S. Small Business Administration in partnership with 21 other federal agencies and is part of the President's Management Agenda. Originally launched in 2004, the Web site provided information on starting, growing, and managing a small business. The re-launched compliance site is designed to better meet the needs of the business community, based on feedback from test groups.♦

Financing for US Exports related to Energy and Water Projects

Green technologies, identified as a growth sector for manufacturing in the U.S., also are good prospects for exports to overseas markets. Favorable financing terms are available until 2009 for US exporters who sell goods and services for renewable energy and water projects.

A pilot program of the Export-Import Bank will continue for another two years to grant export financing on repayment terms of up to 15 years for U.S. exports of goods and services to be used in the following types of renewable energy and water projects:

- **Energy projects** – wind, solar photovoltaic, solar thermal, geothermal, ocean thermal, tidal and tidal stream power, wave power and bio-energy.
- **Water projects** – treatment and distribution of municipal drinking water, collection and treatment of residential and industrial wastewater, water recycling and treatment of water-related sludge.

"Ex-Im Bank's support for commercial loans to foreign buyers on repayments terms of up to 15 years can be a significant asset for U.S. exporters competing for renewable energy and water-related projects," said Ex-Im Bank Vice Chairman Linda Mysliwy Conlin, who heads Ex-Im Bank's Environmental Exports Program. "The ability to offer extended repayment terms can help U.S. exporters win international contracts for these kinds of projects, which generally require a longer period to become profitable and generate the revenue needed to repay the loan."♦

The U.S. Export Assistance Center in Cleveland offers assistance with export financing questions, i.e., export working capital loans, payment methods and options, risk assessment and mitigation, and how to apply for SBA export loans. For information contact Patrick Hayes, Regional Manager, SBA International Programs at 216-522-4731.

SBA and Trump University Launch Innovative Online Training Course for Entrepreneurs

The U.S. Small Business Administration and Trump University have teamed together to develop a new free online training course on **How to Start a Business on a Shoestring Budget**, designed to help entrepreneurs understand how to take their small business ideas to market despite limited outside resources. The SBA and Trump University have combined the best that each organization offers, bringing together a vast array of resources, information and experts to guide students through the essentials of planning and executing a business idea by bootstrapping, a common method used to minimize the amount of outside debt and equity financing needed from banks and investors.

How to Start a Business on a Shoestring Budget is a self-paced course available through the SBA's Small Business Training Network, a virtual campus of business courses, trainings, education resources, learning tools and information assistance at www.sba.gov under the "Training" icon. It is a creative training experience and interactive assessment tool that features fictional entrepreneurs who are engaged in raising money for their small businesses, while the student entrepreneur provides advice on how to help evaluate readiness for starting a business. An added highlight is the availability of "Ask the experts" video clips, which are strategically featured throughout the course.

The course helps to evaluate eight key areas of business start-up on a shoestring, including what it takes to make something out of nothing, market research for the budget minded, budget branding and what to do when you outgrow your bootstraps. The SBA's Small Business Training Network at www.sba.gov/training offers a range of online business training and counseling tools to assist entrepreneurs with business start-up, from developing marketing strategies to effective employee management. It also provides valuable information for existing small business owners. The training network is an easy-to-use tool that provides 24-hour access to business courses via the Internet.♦

Regulatory Flexibility Revolution

By Ray Marchiori, Regional Advocate, Office of Advocacy

U.S. Small Business Administration

Under the thumb of overzealous taxation and centralized regulation from an uncaring and distant government, the Founders of our nation decided to take action. Today, after years of feeling some of the same frustrations and neglect, small businesses are taking action as well.

From coast to coast, another revolution is taking hold as small business owners, their employees, and supporters are demanding an end to one-size-fits-all regulations and arcane rules that can stifle innovation, hard work, and creativity.

Excessive federal regulatory burden is a real problem for small business, as research by the Office of Advocacy of the U.S. Small Business Administration shows. Small businesses with fewer than 20 employees annually spend \$7,647 per employee to comply with these regulations compared to the \$5,282 spent by larger firms. That is a 45 percent greater burden just to comply with federal mandates, and it does not count costs associated with state and local regulations.

Any small business owner on Main Street will tell you that a major part of their regulatory burden comes from state government. However, not every state requires its regulators to be sensitive to how their mandates affect small business. That reality prompted a movement designed to create local regulatory flexibility.

My office drafted model legislation for consideration by the states that mirrors the federal Regulatory Flexibility Act. That act requires agencies to analyze the economic impact of a proposed regulation on small business and to consider less burdensome alternatives that still accomplish the agency regulatory goal.

Since the introduction of the model legislation, 37 state legislatures have considered regulatory flexibility legislation, and 21 states have implemented regulatory flexibility via Executive Order or legislation. This year, 13 states have introduced legislation; Governors in Arkansas, Maine, Tennessee, Texas, and Washington signed regulatory flexibility legislation into law and the Hawaii legislature passed a bill to

improve their state statute. Critics of a flexible approach to regulation claim that small business economic analysis may require some additional work by state agencies. The alternative is issuing new mandates without educating the public about their consequences and their benefits.

Regulations are needed to achieve important public policy goals, yet sometimes they may be unduly burdensome to America's small employers. Regulatory flexibility ensures that small business regulatory impacts are measured and analyzed, and that less burdensome alternatives are considered. It's a good government practice that helps agencies meet regulatory goals, encourages commonsense regulations, and keeps our small businesses competitive in a global marketplace. Small business regulatory flexibility gives a voice to job-creating small businesses and provides them with an environment in which they can flourish. ♦

SBA's Small Business Training Network:
a virtual campus with free training courses, workshops and resources for entrepreneurs and students, making SBA's business management resources available anytime and anywhere. www.sba.gov

OMB Approves Major Changes to SBA's Surety Bond Program

Final Rule on June 25, 2007 and it becomes effective on July 25, 2007

SBA is pleased to announce some major enhancements to the Surety Bond Program. Key enhancements include the following:

1. Provides a 90% guarantee rate for Veterans
2. Removes the 20 year old rate cap imposed on Preferred Surety Companies. Preferred Sureties will now be able to charge rates approved at the State level, putting Preferred Sureties on the same footing as Prior Approval Sureties.
3. Removes the regulatory provision prohibiting affiliates of Preferred Surety Companies from participating in the Prior Approval Program. (This change recognizes the contraction in the surety industry over the years through mergers and acquisitions, and should open up the SBA program to additional companies.
4. Reduces the required audit frequency imposed by the CFR on Preferred Surety Companies from annually to at least once every three years.
5. Imposes a 60 day period for the payment of Surety Company fees to SBA.
6. Removes the CFR reference to the Preferred Program as a "pilot" program and establishes it as a permanent program.

The Office of Surety Bond Guarantees has requested our help in marketing these changes. They stated that the changes have been warmly received by industry. ♦

More information about SBA's Surety Bond Program can be found at <http://www.sba.gov/services/financialassistance/suretybond/role/index.html>

SBA Approves First Loans Under New Patriot Express Initiative

Lending Partners Coming On Board Quickly, Approving Loans Rapidly

Loans Go To Military Service Members, Veterans, and Spouses

The U.S. Small Business Administration (SBA) has announced that the agency and its network of lenders have already approved more than 20 loans under the Patriot Express Pilot Loan Initiative for military community entrepreneurs, rolled out one month ago. Patriot Express is a streamlined loan product based on the agency's highly successful SBA Express Program, but with enhanced guaranty and interest rate characteristics. "We have received a remarkable amount of support for Patriot Express from the lending and military communities since we launched the program one month ago," said SBA Administrator Steven Preston. "It is important for us to support those who have served our country, so I am particularly pleased by the quick turn around time it has taken us to begin processing and approving loans under the new program. This success shows government can work faster and better."

The first three veterans in the nation to be approved and vetted for the Patriot Express Loan guaranteed by the U.S. Small Business Administration are:

Loan #1

\$350,000 to veteran Matthew J. Lattig of Virginia, to start Charter Advisory Partners, LLC, from Sun Trust Bank of Atlanta, GA.

Loan #2

\$100,000 to veteran Waldemar Medina of Connecticut, to start Walt Medina & Associates, LLC, from Webster Bank, National Association of Waterbury, CT.

Loan #3

\$60,000 to veteran Roger Stone, owner of Full Line Electric LLC, from The Bank of Missouri in Perryville, MO.

Nearly 375 banks and lending institutions nationwide have already been approved to participate in Patriot Express, including many of SBA's largest lenders. SBA has many lenders in the approval process and continues to receive applications from lenders every day. Patriot Express loans total more than \$2 million dollars in the early stage of this initiative and range from \$5,000 to \$350,000 in individual loan amounts. Loans have already been approved in California, Connecticut, Florida, Missouri, New Mexico, Oregon, South Dakota, Texas, Virginia and Wyoming. After loan applications are approved by the bank, they are submitted to SBA for approval. Most applications are approved by SBA within 24-hours.

Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of up to 85 percent for loans of \$150,000 or less and up to 75 percent for loans over \$150,000 up to \$500,000. For loans above \$350,000, lenders are required to take all available collateral to secure the loan and may obtain collateral for smaller loans depending upon individual bank requirements. Interest rate maximums for Patriot Express loans are the same as those for regular 7(a) loans: a maximum of prime + 2.25 percent for maturities under 7 years; prime + 2.75 percent for 7 years or more. Interest rates can be higher by 2 percent for loans of \$25,000 or less; and 1 percent for loans between \$25,000 and \$50,000.

The Patriot Express initiative builds on the more than \$1 billion in loans SBA guarantees annually for veteran-owned businesses, and the counseling assistance and procurement support it provides each year to more than 100,000 veterans, service-disabled veterans and Reserve members. Patriot Express is available to military community members including veterans, service-disabled veterans, service members leaving active duty, Reservists and National Guard members, current spouses of any of the above, and the widowed spouse of a service member or veteran who died during service, or of a service-connected disability. The Patriot Express Pilot Loan Initiative can be used for most business purposes. ♦

Details on the initiative can be found at www.sba.gov/patriotexpress.