

UTAH DISTRICT NEWSLETTER

December 8, 2008

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Save the Date:

Start Smart
12/1/08 8 am—10 am
St. George SBDC 225 S 700 E
St. George, UT

Write For the Web
12/5/08 8 am—4 pm
SLCC 9750 S 300 W Sandy,
UT

Business Start-Up Seminar
12/6/08 10 am—12 pm
WSU Davis Campus, 2740 N
Univ Park Blvd, Layton

Start Smart
12/8/08 8 am—10 am
St. George SBDC 225 S 700 E
St. George, UT

**For More Events Please see
next Page**

Helping small businesses
[start](#), [grow](#) and [succeed](#).



Your Small Business Resource

ONE MONTH LIBOR PLUS 3 PERCENT ALLOWED AS SBA BASE RATE

Due to the recent, unprecedented disruption in American and International capital markets, in October 2008 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 a key tenet of continuing American economic growth. As a result, and in consultation and collaboration with the President's Working Group, the U.S. Small Business Administration is initiating several actions designed to support and reenergize the Nation's small business capital markets.

Changes in SBA Regulation and SOP

As a result of these issues, and following discussions with the lending industry, SBA has concluded that allowing lenders to use an adjusted thirty day (one

month) LIBOR rate as a base rate for pricing SBA loans will ameliorate several of the factors that are impeding small businesses' access to capital through SBA's guaranteed loan programs. SBA is allowing an adjustment of 3 percentage points to the thirty day (one month) LIBOR rate to reflect the historical 3 percentage point spread between the LIBOR and the Prime Rate and to help reduce the uncertainty and the financial risk to lenders and to secondary market participants.

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.

Lenders should note that SBA's maximum 7(a) interest rates continue to apply to SBA base rates: Lenders may charge up to 2.25 percent above the base rate for maturities under seven years and up to 2.75 percent above the base rate for maturities of seven years or more, with rates 2 percent higher for loans of \$25,000 or less and 1 percent higher for loans between \$25,000 and \$50,000. (Allowable interest rates are slightly

FARWELL LINDA GLINES

The District Office bids farewell to Linda Glines after 34 years of federal service with 21 of those years with SBA. Linda has been instrumental in working with the Utah District Office 8(a) firms since 1998. She is a firm believer of the business development program and took great pride working with

the 58 firms under her direction. Linda will not be slowing down as she enters retirement. Her daughter is expecting their first grand-child in December and her and her husband will be taking a Panama Canal Cruise next February to celebrate their retirements. Linda will continue to be active with the Masonic

organizations she belongs to along with volunteer work at the Shriners' Hospital with her husband. We thank Linda for her dedicated service in assisting America's small businesses and as she enters retirement take with her our best wishes for the future.

SAVE THE DATE CONTINUED

E-Mail More Effectively
 12/9/08 8 am –4 pm
 SLCC 9750 S 300 W
 Sandy, UT

Introduction To Marketing
 12/13/08 10 am–12 pm
 Ogden BIC, 2036 Lincoln
 Ave, STE 105
 Ogden

Start Smart
 12/15/08 8 am–10 am
 St. George SBDC 225 S 700
 E St. George, UT

**How To Start & Operate A
 Small Bus**
 12/17/08 8:30 am–4:30
 pm
 2001 S State Street Rm
 4010
 Salt Lake City

Start Smart
 12/18/2008 3 pm– 5 pm
 SLCC Miller Campus, 9750 S
 300 W #206 Sandy

Start Smart
 12/22/08 8 am–10 am
 St. George SBDC 225 S 700
 E St. George, UT

Start Smart
 12/29/08 8 am–10 am
 St. George SBDC 225 S 700
 E St. George, UT



The Utah District Office would like to wish everyone the best for the Holidays and a Happy New Year.

Five Critical Steps to Securing Small Business Capital

Borrowers must be credit worthy. Small business owners must avoid depleting their current liquidity or cash position. They must immediately deal with negative financial issues including poor or inaccurate credit reports, and must resolve all business and personal tax issues. A negative credit report and/or credit score can be a “deal buster”. Back taxes, liens, garnishments, multiple bounced checks all show increased risk for a lender. Borrowers should deal with recent bankruptcies by providing an explanation of why it occurred. Address all of these issues prior to applying for the business loan.

Immediately develop a stronger business plan. Lenders have stressed that a business plan must be well thought out, and realistic. The business plan should outline the money, management, and marketing of a business. Borrowers must explain how the money will be used, and how will it be repaid. Repayment ability is the critical factor. Without repayment ability, no lender will make the business loan. Few, if any, lenders provide 100 percent financing.

Plan for the worst case scenario. All lenders require borrowers to provide a mini-

mum of 12 months of financial projections. These projections should be broken down into a month by month format. The business owner must understand how these assumptions were developed, and establish their validity. All lenders agree that the projections must be presented with a best case, mid-case, and worst case scenario. How will the business survive if revenues nose dive by 10 percent, 20 percent, or 30 percent over the next 6 to 12 months? There are no crystal balls or Ouija boards to answer this question. This “hands-on” forecasting will help the borrower become more strategic in their thinking, and help the lender feel more comfortable with repayment ability.

Two Years Business History is necessary. Lenders make it absolutely clear that they are looking for established, financially strong, quality businesses to lend to. Working capital loans are becoming harder to approve, and lines of credit were being tightened or not extended. Loans to start-up businesses are more difficult to approve in the current economic climate. Lenders may require an additional cash equity injection by the owner, or even a seller carry back, to

reduce the size of the loan. A proven franchise concept may help mitigate any risk.

Time to become a hands-on owner. This is not a time for business as usual. Collect accounts receivables in a timely manner – don’t allow your customers to drag out the payment terms. If necessary, get in your car and visit the customers that have not paid timely and have large amounts of outstanding money owed to you.

Don’t keep all your cash liquidity tied up in inventory. Review your business operations to see what work can be handled in-house and not contracted out.

Review each business expense item and eliminate discretionary expenses that could help generate additional cash flow.

Eliminating unprofitable account relationships could also help the bottom line. Increase your efforts to market your business. Cutting new marketing expenditures maybe a mistake. Many business owners make the mistake of cutting marketing expenses when business slows. That might be the wrong decision to make.

Success Story -South Ogden Great Harvest Bread

David Sean Elm owns and operates the South Ogden Great Harvest Bread Company. He has been involved in the bakery business for the past 18 years. He started out with Albertsons and worked up to manager. He got involved with Great Harvest in 1999 when he took over the management of one of three stores under the ownership of other individuals.

He was offered ownership in this store shortly after he started management and he began buying the business over time from the owners. This is the only store that he has own-

ership in and operates.

Great Harvest Bread Company is known for their fresh products. The flour that they use is actually ground on site to assure that is fresh when used in their products. They offer a variety of fresh breads, muffins, large cookies and giant cinnamon rolls. They have seasonal items such as the cherry chocolate loaf bread for Christmas and the pumpkin loaf in the fall. All products are made from scratch on a daily basis to make sure that they are always fresh and wonderful tasting.

Sean received an SBA 504 loan in 2003 for the purchase of land to construct a new building to house this business in. The business had outgrown their leased location and they felt it was time to allow the business the room it needed to continue to grow. The employees enjoy working at Great Harvest and the customer is always greeted with a smile and sample of their choice of their products. Friendly customer service, a smile and good quality product for the money is always assured at this store.

Small Businesses Are America's Innovators Patents Per Employee Outstrip Those Of Larger Firms

WASHINGTON, D.C. – Small businesses are the innovators of the American economy as they obtain many more patents per employee than larger firms, according to a study released today by the Office of Advocacy of the U.S. Small Business Administration. Moreover, their patents outperform larger firms on a number of measurements, suggesting that small firm patents in general are more likely to be technologically important than those of larger firms.

“Small firms are the innovative driver of the American economy,” said Dr. Chad Moutray, Chief Economist for

the Office of Advocacy. He added, “This report adds more weight to the evidence we already have that encouraging small firms is the best way to increase innovation, productivity, and jobs.”

The report analyzes a database of 1,293 small and large technology firms and more than 1 million patent records between 2002 and 2006. *An Analysis of Small Business Patents by Industry and Firm Size*, written by 1790 Analytics, LLC, with funding from the Office of Advocacy, builds on earlier work of the authors in 2003 and 2004.

Not only do all small

firms (<500 employees) obtain more patents per employee than larger firms, but the relationship seems to hold for all size classes. That is, firms with fewer than 25 employees have a higher patent per employee ratio than those with fewer than 50 employees and so on.

The authors found that during the period studied, small firms made up 40 percent of all firms with 15 or more patents. They also found that the smaller patenting firms are younger, with 56.5 percent under 15 years old, while 90 percent of the larger firms were 15 or more years old.



UTAH—The purpose of this hotline is to give small business owners a single phone number they can call to see what SBA programs may assist them during these uncertain times. The phone number is 801-524-3204

EMPLOYEE SPOTLIGHT-BRENT OWENS

Brent Owens is the Procurement Center Representative for the U.S. Small Business Administration covering the states of Utah and Wyoming. His office is located at HAFB, Utah.

Brent is a regulatory advocate for small businesses promoting contracting opportunities with agency oversight authority at all federal government agencies within the states of Wyoming and Utah; sharing an aggregate value of several billion dollars annually. In this capacity he analyzes acquisition opportunities and recommends small business set-asides in

appropriate socio-economic categories. In addition he works with large companies to ensure compliance in developing subcontracting plans that maximize participation of small businesses. His responsibilities also include advisory and assistance to procurement officials and to small business in their efforts to navigate the waters of the federal marketplace.

Brent has over 25 years experience in the federal procurement process. Prior to joining with the SBA in 2007 he worked in the Directorate of Contracting at Hill Air Force

Base where he held many varied positions including a contracting officer (operational services to weapon systems), senior analyst and chief of the construction, services and environmental contracting branch. He has a Bachelors of Science degree in Business Administration and a Masters of Business Administration.

Brent enjoys family outings with his wife Kathy, three children and two grandchildren. They spend time at his cabin in Joes Valley Utah. Brent also enjoys fly fishing.

PATRIOT EXPRESS YOUR KEY TO BUSINESS SUCCESS

Planning to exchange your military duties for those of a small business owner?



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- ★ Training
- ★ Patriot Express loan initiative
- ★ Contracting
- ★ Disaster Recovery

www.sba.gov/patriotexpress

1-800-U-ASK-SBA

SBA programs and services are provided on a nondiscriminatory basis.



For more information on the Patriot Express Program please contact Nancy Byerly at (801) 524-6831 or nancy.byerly@sba.gov



S. Brent Owens, Procurement Center Representative

LENDER	November Loan Numbers	November Total Dollars	YTD Loan Numbers	YTD Dollars
AMERICA FIRST FCU	6	\$250,000	15	\$560,000
AMERICA WEST BANK	1	\$367,300	2	\$2,367,300
AMERICAN BANK OF COMMERCE D/B/A AMBANK	0	0	0	0
AMERICANWEST BANK	0	0	1	\$40,000
BANCO POPULAR NORTH AMERICA	0	0	4	\$993,000
BANK OF AMERICA, NATIONAL ASSOCIATION	0	0	0	0
BANK OF AMERICAN FORK	1	\$212,500	5	\$762,500
BANK OF UTAH	1	\$25,000	3	\$256,100
BARNES BANKING COMPANY	0	0	0	0
BEACH BUSINESS BANK	0	0	1	\$975,000
BEEHIVE CU	3	\$125,000	7	\$285,000
BRIGHTON BANK	0	0	1	\$55,000
CACHE VALLEY BANK	0	0	0	0
CAPITAL COMMUNITY BANK	0	0	0	0
CAPITAL ONE BANK (USA), NATIONAL ASSOCIATION	0	0	0	0
CAPITAL ONE, NATIONAL ASSOCIATION	0	0	0	0
CELTIC BANK CORPORATION	12	\$4,480,600	18	\$6,769,600
CENTRAL BANK	2	\$208,100	3	\$265,100
CIT SMALL BUSINESS LENDING CORPORATION	0	0	0	0
COMERICA BANK	0	0	0	0
COMPASS BANK	2	\$1,122,000	2	\$1,122,000
CONTINENTAL BANK	0	0	0	0
CYPRUS FCU	1	\$30,000	1	\$30,000
DESERET FIRST FCU	3	\$100,000	7	\$240,000
FIRST COMMUNITY BANK	0	0	0	0
FIRST UTAH BANK	0	0	0	0
FRONTIER BANK, FSB	0	0	1	\$25,000
GOLDENWEST FCU	4	\$185,000	7	\$225,000
GRANITE FCU	0	0	1	\$50,000
HERITAGEWEST FCU	5	\$145,200	5	\$145,200
HORIZON UTAH FCU D/B/A HORIZON CU	1	\$30,000	1	\$30,000
INNOVATIVE BANK	0	0	0	0
IRWIN UNION BANK AND TRUST COMPANY	0	0	0	0
JORDAN FCU	1	\$30,200	5	\$140,200
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	0	0	1	\$47,200
KEYBANK NATIONAL ASSOCIATION	0	0	3	\$547,600
LEHMAN BROTHERS BANK, FSB	0	0	0	0
MOUNTAIN AMERICA FCU	59	\$1,697,500	125	\$4,443,600
MOUNTAIN WEST BANK	0	0	0	0
MOUNTAIN WEST SMALL BUSINESS FINANCE	11	\$5,041,000	22	\$9,485,000
NEVADA STATE BANK	0	0	0	0
PNC BANK, NATIONAL ASSOCIATION	0	0	0	0
PRIME ALLIANCE BANK	0	0	0	0
SAEHAN BANK	0	0	1	\$10,000
SOUTHWEST COMMUNITY FCU	1	\$10,000	0	0
STATE BANK OF SOUTHERN UTAH	0	0	3	\$395,700
SUNFIRST BANK	0	0	0	0
SUPERIOR FINANCIAL GROUP, LLC	1	\$12,500	2	\$22,500
TEMECULA VALLEY BANK	0	0	0	0
THE FIRST NATIONAL BANK OF LAYTON	0	0	3	\$643,000
THE HUNTINGTON NATIONAL BANK	0	0	0	0
THE VILLAGE BANK	0	0	0	0

LENDER	November Loan Numbers	November Total Dollars	YTD Loan Numbers	YTD Dollars
U.S. BANK NATIONAL ASSOCIATION	3	\$160,000	7	\$245,000
UNITED MIDWEST SAVINGS BANK	0	0	0	0
UNITED WESTERN BANK	0	0	0	0
UPS CAPITAL BUSINESS CREDIT	0	0	0	0
USU CHARTER FCU	0	0	0	0
UTAH CERTIFIED DEVELOPMENT COMPANY	7	\$5,862,000	13	\$9,170,000
UTAH COMMUNITY FEDERAL CREDIT UNION	0	0	0	0
UTAH FIRST FCU	1	\$50,000	2	\$80,000
VECTRA BANK COLORADO, N.A.	1	\$35,000	1	\$35,000
WACHOVIA SBA LENDING, INC.	0	0	0	0
WASHINGTON MUTUAL BANK	0	0	0	0
WEBBANK	0	0	0	0
WELLS FARGO BANK, NATIONAL ASSOCIATION	2	\$402,700	7	\$1,866,900
ZIONS FIRST NATIONAL BANK	50	\$2,812,300	110	\$5,910,700
TOTALS	179	\$23,393,900	390	\$48,238,200