



NEWS & VIEWS

SBA News and Views is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

Serving America's Small Businesses

U.S. Small Business
Administration
Wisconsin District Office

Eric Ness, District Director
August 2007

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SBA Home Page
<http://www.sba.gov>

Wisconsin SBA Home Page
<http://www.sba.gov/localresources/district/wi/index.html>

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Disaster News

SBA Offers Disaster Assistance to Wisconsin Residents and Businesses Affected by Severe Storms and Flooding

AUGUST 18, 2007

Following the announcement of the Presidential disaster declaration in Wisconsin covering several counties as a result of severe storms and flooding, on August 18, 2007, Administrator Steven Preston of the U.S. Small Business Administration issued the following statement:

“We look forward to working with the State of Wisconsin to make low-interest federal disaster loans available to homeowners, renters and businesses,” said Administrator Preston. “We will be swift in our efforts, along with our partners at the Federal Emergency Management Agency, to help Wisconsin disaster victims rebuild their homes and businesses.”

The declared counties of Crawford, La Crosse, Richland, Sauk and Vernon are eligible to apply for Physical and Economic Injury Disaster Loans (EIDLs) and the contiguous counties of Adams, Columbia, Dane, Grant, Iowa, Jackson, Juneau, Monroe, and Trempealeau in the State of Wisconsin; contiguous counties of Allamakee and Clayton in the State of Iowa; and contiguous counties of Houston and Winona in the State of Minnesota are only eligible to apply for SBA Economic Injury Disasters Loans (EIDLs).

Disaster loans up to \$200,000 are available to homeowners to repair or replace damaged or destroyed real estate. Homeowners and renters are eligible up to \$40,000 to repair or replace damaged or destroyed personal property.

Businesses of any size and private non-profit organizations may borrow up to \$1.5 million to repair or replace damaged or destroyed real estate, machinery, equipment, inventory, and other business assets. SBA can also lend additional funds to help with the cost of making improvements that protect, prevent, or minimize the same type of disaster damage from occurring in the future.

For small businesses only, SBA offers Economic Injury Disaster Loans (EIDLs) to help meet working capital needs caused by the disaster. EIDL assistance is available regardless of whether the business suffered any physical property damage.

Eric Ness, SBA’s Wisconsin District Director stresses, “Low-interest Federal disaster loans are available to homeowners, renters, businesses of all sizes and private, non-profit organizations whose property was damaged or destroyed by the severe storms and flooding.”

Interest rates can be as low as 3.125 percent for homeowners and renters and 4.000 percent for businesses with terms up to 30 years. Loan amounts and terms are set by SBA and are based upon each applicant’s financial condition.

For this Declaration, Disaster Recover Centers (DRCs) are open 7 days a week 8:00 AM to 7:00 PM, until further notice and are located at:

CRAWFORD COUNTY
North Crawford High School
47050 County Road X
Soldiers Grove, WI 54655

LA CROSSE COUNTY
Shelby Town Hall
2801 Ward Avenue
LaCrosse, WI 54601

RICHLAND COUNTY
Production Service Bldg.
301 Industrial Drive
Richland Center, WI

SBA officials will be providing one-on-one assistance to disaster loan applicants.

To be considered for all forms of disaster assistance, victims must first call the Federal Emergency Management Agency (FEMA at 1-800-621-FEMA (3362).

Additional details on the location of Disaster Recovery Center(s) and the loan application process can be obtained by calling the SBA Customer Service Center at 1-800-659-2955.

The filing deadline to return applications for physical property damage is **October 25, 2007**. The deadline to return economic injury applications is **May 26, 2008**.

JULY 18, 2007

Steven Preston, Administrator of the U.S. Small Business Administration (SBA) announced that low-interest disaster loans will be made available to Wisconsin residents and businesses affected by the severe storms and flooding that occurred on July 18, 2007.

Administrator Preston took this action following a July 27 letter from Wisconsin Governor Jim Doyle requesting a disaster declaration by SBA. The declaration covers Grant

County and the adjacent counties of Crawford, Iowa, Lafayette and Richland in the State of Wisconsin and the neighboring county of Jo Daviess in the State of Illinois and the adjacent counties of Clayton and Dubuque in the State of Iowa.

Individuals and businesses may obtain information and loan applications by calling toll-free **(800) 659-2955**, Monday through Friday, 8:00 am to 9:00 pm; Saturdays 9:00 am to 5:30 pm (EDT). Hearing impaired individuals may call **(800) 877-8339**.

The filing deadline to return applications for physical property damage is **September 28, 2007**. The deadline to return economic injury applications is **April 30, 2008**.

New SBA Rules Increase Access To Bonds

The U.S. Small Business Administration (SBA) has taken a number of steps to reinvigorate its Surety Bond Program and make it easier for small businesses to obtain bonds.

The new rules, published in the Federal Register, establish a more flexible pricing structure, allowing Preferred Surety Bond Sureties to charge current state rates rather than being locked into rates that, set under and required by the former regulations had become outdated and unwieldy over time.

“The big winners,” said SBA Administrator, Steve Preston “are the small and emerging contractors who need access to surety bonds so they can bid on public construction projects. These changes will support small and emerging businesses nationwide, particularly construction contractors in the devastated Gulf coast region and other disaster stricken areas around the U.S.”

Corporate surety bonds protect the project owner against financial loss and, in the case of public construction projects, protect taxpayer dollars should the contractor default.

The new rules, published September 26, 2006 in the Federal Register, were designed to improve operation of the agency’s surety bond guarantee program and make it easier for sureties and small business concerns to participate. The new rules reduce the frequency of audits previously required of Preferred Surety Bond (PSB) Sureties; obligate SBA to guarantee 90 percent of the loss incurred by a prior approval surety on bonds issued on behalf of small businesses owned and controlled by veterans, and Service disabled veterans; impose a 60-day deadline for the submission of surety fees to SBA; allow PSB sureties to charge premiums in accordance with applicable state ceilings; delete an existing reference to the expiration of the PSB Program; and allow affiliates of a PSB Surety to participate in the prior approval program.

The rule took effect July 25, 2007. Industry associations have commended SBA for promulgating the rule and SBA looks forward to encouraging sureties and agents to actively participate in the program.

Through the Surety Bond Guarantee Program, SBA guarantees bid, payment and performance bonds on contracts up to \$2 million in value.

SBA is nearing completion of a new electronic bond application process. Small businesses and surety companies participating in the SBA prior approval program will be able to transmit application forms electronically to help expedite review and approval processes. In the past year, SBA re-engineered the claims reimbursement by a surety company and payment by the government.

SBA assistance in locating a participating surety company or agent and completing application forms is available online. For more information on SBA's Surety Bond Guarantee Program, go online for a list of area office contacts and SBA offices near your business
www.sba.gov/aboutsba/sbaprograms/sg/index.html or call 1-800-U ASK SBA.

SBA Resources Available for Franchise Opportunities

Planning is the key to success with any small businesses, but it is especially important in the highly competitive franchise industry. Successful franchise businesses take advantage of every opportunity.

The U.S. Small Business Administration's resources across the country can help new or prospective franchise owners plan their success from writing a business plan to training employees. SBA's resources include:

- SBA district offices in every state and territory;
- Nearly 400 offices of SCORE-Counselors to America's Small Business; and
- More than 70 Small Business Development Centers on college campuses.

These professionals can help you with:

- Writing a formal business plan,
- Filling out loan applications to finance your business,
- Advice about managing and expanding your business,
- Finding opportunities to sell your goods or services to the government,
- Recovering from disaster, and
- Advice about compliance issues raised by other regulatory agencies.

The SBA also has programs for specific audiences, such as women and veterans.

FRANCHISING

Franchisees have been active participants in the SBA's small business programs for many years.

In the simplest form of franchising, while you own the business, its operation is governed by the terms of the franchise agreement. You capitalize on the trade name, trademark and/or support system provided by the franchisor, but operate as an independent contractor who makes a profit or takes a loss commensurate with your ownership.

For more information, visit the SBA web site at www.sba.gov/smallbusinessplanner/start/buyafranchise/index.html; visit the Franchise Registry at www.franchiseregistry.com/; or call your local SBA office.

The SBA has a variety of loan-guaranty programs explained at www.sba.gov/services/financialassistance/index.html.

Our programs provide a key source of financing for small businesses that cannot qualify for loans from traditional sources.

7(a) Loan Guaranty Program

The 7(a) Loan Guaranty Program is the SBA's primary loan program. The SBA reduces risk to lenders by guaranteeing major portions of loans made to small businesses. This enables lenders to provide financing to small businesses they would not otherwise consider. The eligibility requirements and credit criteria of the program are very broad in order to accommodate a wide range of financing needs.

The SBA can guarantee as much as 85 percent on loans of up to \$150,000 and 75 percent on loans of more than \$150,000. In most cases, the program has a maximum loan amount of \$2 million. SBA's maximum guaranty is \$1.5 million.

How It Works

You submit a loan application to a lender for initial review. If the lender approves the loan subject to an SBA guaranty, the lender forwards a copy of the application and a credit analysis to the nearest SBA office. If the lender uses one of the expedited processes, the application is submitted to a centralized processing center. After SBA approval, the lender closes the loan and disburses. You make monthly loan payments directly to the lender. As with any loan, you are responsible for repaying the full amount of the loan in a timely manner.

There are no balloon payments, prepayment penalties, application fees, or points permitted with 7(a) loans. Prepayment fees (payable to SBA) during the first three years are required on loans with maturities of 15 years or longer.

Use of Proceeds

You can use a 7(a) loan to expand or renovate facilities; purchase machinery, equipment, fixtures and leasehold improvements; finance receivables and augment working capital; refinance existing debt with compelling reason; finance seasonal lines of credit, construct commercial buildings; and/or purchase land or buildings that will be occupied by the business borrower.

Terms, Interest Rates and Fees

The length of time for repayment depends on the use of proceeds and the ability of your business to repay; usually five to 10 years for working capital and up to 25 years for fixed assets such as the purchase or major renovation of real estate purchase of equipment (not to exceed the useful life of the equipment.)

Collateral

You must pledge sufficient assets, to the extent that they are reasonably available, to adequately secure the loan. Personal guaranties are required from all the principal owners of the business. Liens on personal assets of the principals may be required.

However, in most cases, a loan will not be declined where insufficient collateral is the only unfavorable factor.

Long-Term Resources for Your Small Business

If you're also looking to purchase property and construct a building on it or buy an existing building for your franchise, a Certified Development Company loan (504 Loan Program) may be right for you. The program provides long-term, fixed-rate subordinate mortgage financing to buy or renovate capital assets including land, buildings and equipment.

Advantages of a 504 loan include:

- Long terms. Real estate loans can be 20-year term; heavy equipment loans 10-or 20-year term.
- Two-tiered financing. Lender finances 50 percent, SBA guarantees 40 percent. Borrower the remainder.
- Small borrower contribution allows other assets to be free of liens, available to secure other financing.
- All project costs can be financed including buying land and building construction, machinery and soft costs such as title insurance and appraisals.

For more information about long-term financing for your franchise or small business, visit our web site at www.sba.gov/services/financialassistance/sbaloantopics/cdc504/index.html.

Patriot Express Loans

Lenders that currently participate in the SBAExpress and PLP programs are eligible to make Patriot Express Loans.

The following information is needed in a request for Patriot Express status:

- Lender's exact legal name and address
- Name, title, address, phone number, fax number and email address for contact person at lender for this request and for future SBA contact

- A letter from the lender certifying as to whether:
 - it is in good standing with its primary regulator; and
 - it currently is or has been in the past two years subject to an enforcement action by any of its state or federal regulators; or
 - subject to any formal or informal agreements with any of its state or federal regulators.
- Signed copy of the Patriot Express Agreement that can be found @ www.sba.gov/idc/groups/public/documents/wi_milwaukee/patriotexpressagreement.pdf

SBA approval/execution of agreement is contingent on outcome of SBA's assessment of lender performance.

Direct your letter of interest along with the above information and statement to Sally Schimmel, Lead Loan Specialist, by fax at 916-930-2406 or by email at sally.schimmel@sba.gov.

Wisconsin Lenders That Have Signed up to do Patriot Express Loans as of 08/17/2007

- American National Bank-Fox Cities
- Associated Bank, NA, Green Bay
- Citizens State Bank of Clayton
- First Citizens State Bank, Whitewater
- Guaranty Bank, Milwaukee
- Green Lake State Bank
- Ladysmith Federal Savings & Loan Association
- M&I Marshall & Ilsley Bank
- Marshfield Savings Bank
- Merchants Bank, NA, Onalaska
- Mound City Bank, Platteville
- Peoples Bank of Wisconsin, Hayward
- Royal Credit Union, Eau Claire
- Southwest Bank of St. Louis, Milwaukee
- US Bank National Association
- Wells Fargo Bank NA

Visit the Wisconsin SBA Lender's site for additional resources at http://www.sba.gov/localresources/district/wi/WI_LENDERS.html.

Lenders, bookmark this website for your reference concerning Patriot Express: www.sba.gov/patriotexpress/sba_patriotexp_lenderlist.html.

City of Kenosha

US Bank has requested and received approval to make Community Express loans in the City of Kenosha.

Community Express is a pilot SBA loan program that was developed in collaboration with the National Community Reinvestment Coalition (NCRC) and its member organizations. Under the pilot, which is available to selected lenders, a SBAExpress like program will be offered to pre-designated geographic areas serving mostly Low and Moderate Income areas and New Markets small businesses. The program will also include technical and management assistance, which is designed to help increase the loan applicant's chances of success.

Small Business Big Contribution

Small Business Continues to Generate 50 Percent of Private Nonfarm GDP

Small business is a big contributor to the nation's economy, generating 50 percent of the private, nonfarm gross domestic product (GDP), according to a study released today by the Office of Advocacy of the U.S. Small Business Administration. The study covers the period 1998 – 2004, and confirms the findings of earlier research.

“Small business plays a big role in our economy,” said Dr. Chad Moutray, Chief Economist for the Office of Advocacy. “This study confirms just how important small business is to our economic growth and prosperity. It makes clear that economic policy needs to take into account the needs of small businesses, because those businesses drive our economy.”

The Small Business Share of GDP, 1998-2004, written by Katherine Kobe of Economic Consulting services with funding from the Office of Advocacy is the first study of its kind to use the North American Industry Classification System (NAICS) as the basis for analysis. Use of this system allows the small business share of total GDP to be categorized into 16 major industrial sectors. The small business share of the GDP in each major industrial sector in 2004 ranged from 18 percent of the information sector to 85 percent of other services.

Over the seven-year period studied, the small business share of GDP held steady at around 50 percent. However, there has been a long-term decline from the late 1950s when the small business share of GDP was approximately 58 percent.

The Office of Advocacy, the “small business watchdog” of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues.

For more information and a complete copy of the report, visit the Office of Advocacy website at www.sba.gov/advo.

Editor's Notes

TRAINING CALENDAR

Be sure to visit <http://web.sba.gov/calendar/public/index.cfm?grp=73&op=group> for business-training opportunities offered by SBA, SCORE, Small Business Development Centers, Women Business Centers, Procurement Assistance Centers and the Wisconsin Procurement Institute.

This site will become your first stop when looking for training sessions, conferences and seminars at the

federal level but will also include state, local, and private activities when they pertain to small business improvement.

IRS and HUD to air Web cast on Expanded Renewal Community and Empowerment Zone Tax Incentives on October 11, 2007, 2-4 pm EST

The Internal Revenue Service (IRS) and US Department of Housing and Urban Development (HUD) are sponsoring a Web cast on October 11, 2-4 p.m. EST that will provide an overview of tax incentives for Renewal Communities (RCs) and Empowerment Zones (EZs) and updates on changes to these incentives. A panel of IRS experts will address employment credits, work opportunity tax credits (WOTC), commercial revitalization deductions (CRD), increased Section 179 deductions, and other incentives.

The Web cast will be available at www.hud.gov/webcasts and viewers will need an updated version RealPlayer to view it properly. Viewers can visit this Website in advance of the Web cast to download a free updated version of this software and to test the audio and video on their computers while viewing a portion of any archived HUD Web cast.

To earn two CPE credits, viewers must register for the Web cast by October 5, 2007 via email to OCRTaxCredit@hud.gov and view the Web cast in its entirety. Viewers can submit a question for the IRS expert panelists with their registration.

The Web cast has been in the planning stages since the President signed Public Law 110-28, H.R. 2206: U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 on May 25, 2007. The law provides immediate increases in tax incentives for employers in Renewal Communities, Empowerment Zones, and rural

renewal counties. The estimated \$11 billion in Federal tax incentives include increased deductions, accelerated depreciation, low-interest loans through facility bonds, tax savings on capital gains, and employment tax credits directed towards employers, investors, business owners, and stockholders that hire local residents, upgrade equipment needs, and build or rehabilitate commercial property in Renewal Communities and Empowerment Zones designated by HUD from nominations submitted by State and local governments.

For additional information, go to [IRS Partner Headliners 209](#): Work Opportunity Tax Credits Expanded to Promote Tax Incentives for Economically Distressed Areas and [IRS PUB 954](#), Tax Incentives for Distressed Communities, at www.irs.gov/publications/p954/index.html.

To learn about other IRS announcements and products and services, subscribe to e-News for Small Businesses. To see a sample and to start your free subscription to e-News, just go to IRS.gov, type in your e-mail address and submit.

SBA July 2007 Micro-Loans

Northeast Entrepreneur Fund
1 Loan for \$5,000
Wisconsin Women's Business Initiative Corp.
1 Loan for \$10,000

SBA July 2007 Loans

www.sba.gov/idc/groups/public/documents/wi_milwaukee/july07approvals.pdf

Fiscal Year 2007 Loan Totals

www.sba.gov/idc/groups/public/documents/wi_milwaukee/fy07ytd_lender_appr.pdf

SBA 2008 SMALL BUSINESS AWARD NOMINATION

Help us recognize outstanding leaders in the small business community

SBA's size standards apply in defining a business as small- individuals who own and operate or bear principal responsibility for operating a small business are eligible.

AWARD CATEGORIES

Please check one or more potential categories:

- Small Business Person of the Year:** For developing an outstanding, growing business; innovative product(s), increasing jobs, increasing sales, overcoming adversity, and community contributions.
- Small Business Exporter of the Year:** Significantly increased export sales and profits, encouraging other firms to export, increased jobs through exports, and innovative methods of creating markets.
- SBA Young Entrepreneur of the Year:** Owner will not reach 30th birthday by June 1, 2008, three-year evidence of success in sales and profits, increased jobs, innovative products, demonstrated potential.
- Minority Small Business Person of the Year;** For developing an outstanding, growing business, innovative products, overcoming adversity and community contributions (Wisconsin award)
- Emerging Small Business Person** For developing an outstanding business with at least a three year track record, under 25 employees, under \$2.5 million in sales and less than 10 years in business (Wisconsin award)

Small Business Champions of the Year: Those who promote small business, including volunteering time and services to small business interests and groups, advocating the cause of small business in the legislative process. Champions may or may not be small business owners.

- | | |
|---|--|
| <input type="checkbox"/> Minority Small Business Champion | <input type="checkbox"/> Women in Business Champion |
| <input type="checkbox"/> Veteran Small Business Champion | <input type="checkbox"/> Small Business Journalist |
| <input type="checkbox"/> Small Business Legal Assistance (WI Award) | <input type="checkbox"/> Family-Owned Small Business |
| <input type="checkbox"/> Financial Services Champion (Accountant advocate merged with this category) | <input type="checkbox"/> Home Based Business Champion |
| <input type="checkbox"/> Jeffrey Butland Family Owned Small Business – A family owned business that has passed from one generation to another and owner has responsibility for operating the business with at least a 15 year track record | |

NOMINEE INFORMATION

I nominate _____ Title _____

Company/Organization _____ Address _____

Phone _____ Fax _____ E-mail _____

Nominees Qualifications for this Award—**attach short description on why this business/advocate should be considered:**

When nominating a business owner please complete the following:

Is the company operating profitably _____

of years in business _____ # of employees _____ annual sales \$ _____

SIC/NAICS code _____

NOMINATOR'S INFORMATION:

Nominator Name _____ Title _____

Organization _____

Address _____

Phone _____ Fax _____ E-mail _____

Reply by **September 28, 2007**

mail (or fax 414-297-1377) this form to:
Small Business Awards Committee, U.S. Small Business Administration
310 West Wisconsin Avenue, Suite 400
Milwaukee, WI 53203

For more information, please contact: (414) 297-1093. Self-nominations accepted. This form may be duplicated. **For further consideration, a nomination binder with detailed materials will be requested.** SBA will contact the nominator with details. Thanks for your support!