

NEWS & VIEWS

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FY 2009—Issue Two

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Out and About With SBA

Deputy District Director Julious Hulbert represented SBA at a Harley Davidson Diversity Symposium in Milwaukee. Julious also participated in an Economic Summit. He was joined by PSA Yolanda Lassiter at an Urban Entrepreneur event. Supervisor of Business Development John Mirenda and BDS Becky Freund attended a Business Finance Seminar in Madison. Becky also attended a WI Women's Council meeting. BDS Linda Krysiak will be participating in the 2008 DBE 23rd Annual Workshop & Secretary's Golden Shovel Awards in Waukesha on December 12.

Stay tuned for upcoming information about SBA personnel in action.

SBA ANNOUNCES NEW WAYS TO IMPROVE SMALL BUSINESSES ACCESS TO CAPITAL

In response to the credit crunch, SBA's Acting Administrator Sandy K. Baruah announced important loan program changes to help the agency's lending partners increase access to capital for small businesses.

First, an interim final rule allowing new SBA loans to be made with an alternative base interest rate, the one month LIBOR rate (London Interbank Offered Rate), in addition to the prime rate, which was previously allowed. In the past 60 days, both the prime and LIBOR rates have not yet returned to their historical relationship—of roughly 300 basis points between the two rates. The mismatch between the rates is squeezing SBA lenders out of the lending market, since their costs are based on the LIBOR rate.

"This change will help more small businesses obtain capital to grow their businesses and create new jobs," Baruah said. "By allowing both rates, SBA is making its programs more flexible, increasing opportunities to access capital and giving both lending partners and small business customers more options to meet their needs."

The second change allows a new structure for assembling SBA loans into pools for sale in the secondary market. The enhanced flexibility in loan pool structures can help affect profitability and liquidity in the secondary market for SBA guaranteed loans, especially with the current market conditions. Because the average interest rate is used, these pools are easier for pool assemblers to create, thus providing incentives for more investors to bid on these loans.

"The challenge small businesses face today is not the cost of capital, it is access to capital," said Baruah. "Interest rates are at historically low levels meaning money is inexpensive, yet lenders aren't lending and borrowers aren't borrowing. This indicates markets are frozen due to liquidity concerns. This interim final rule is an important step to reenergize the lenders to make SBA-backed loans and will help open the gateway of capital for entrepreneurs."

"SBA moved quickly on these changes after consulting with small businesses, lending partners and other government agencies," said Eric R. Zarnikow, SBA's Associate Administrator for the Office of Capital Access. "We're confident these solutions will help free up capital so lenders can continue to make SBA-backed loans."

By addressing market issues that were impeding the funding streams for both lenders and small businesses, SBA is making capital more available to America's small businesses. The SBA will be issuing additional technical guidance to lenders in the coming weeks relating to the implementation of these important changes.

For more information on the interim final rule or to share your comments, visit www.regulations.gov. To learn more about SBA's guaranteed loan programs, visit www.sba.gov/services/financialassistance/Introsbafinance/index.html.

Helping small businesses start, grow and succeed.



Your Small Business Resource



SBA Steps to Encourage Flow of Credit to Small Businesses

- SBA is working to improve the liquidity of SBA loans on the secondary market and explore strategies to increase access to capital by small businesses
- Accelerated launch of Small Rural Lender Advantage ahead of schedule.
- Encourage SBA lending partners to use their authority to work with qualified borrowers on a case-by-case basis and defer SBA guaranteed loan payments up to three months.
- Remind lenders and borrowers that interest rates have fallen with the prime rate and now are about 40 percent less than a year ago.

SBA Provides Link to Federal Post Disaster Contracting Opportunities for Small Businesses

Information about federal contracting opportunities for small businesses able to support post-disaster cleanup and rebuilding in areas devastated by recent storms and flooding is now accessible through the U.S. Small Business Administration's Disaster Contracting Assistance Center (DCAC).

The DCAC provides a central point of reference for small businesses, particularly minority, women and veteran-owned businesses, to register for and learn about federal contracting opportunities.

"A vast area—from the Gulf States to the Midwest—suffered millions of dollars in property damage when these massive storms struck, and the rebuilding projects will stretch well into next year," said Acting SBA Administrator Sandy K. Baruah. "We want to make sure small businesses have the opportunity to seek federal contracting dollars, armed with detailed information that will make it possible for them to take advantage of the network of available resources."

Business owners can visit the Web site at www.disastercontractingassistance.gov

for a detailed look at how to seek government contracts. Also on the main page is a link to FedBizOpps, which allows businesses to sign up for e-mail notification of open contracts related to specified fields. In addition, steps on how to register for a Data Universal Number System identification number from Dun & Bradstreet, and information on how to sign up for the Central Contractor Registration—which establishes a company's eligibility to seek federal contracts—are provided on the DCAC site.

The site also provides information on prevailing wages in construction contracts, sub-contractor information and federal acquisitions regulations.

The DCAC can be contacted by phone at 1-888-4USADOC (1-888-487-2362) Monday through Friday 8 a.m. to 9 p.m. EST, and 9 a.m. to 9 p.m. EST Saturday and Sunday. Contact the center by e-mail at disastercustomerservice@sba.gov.

For more information about SBA's Disaster Assistance program, visit the Web site at www.sba.gov/services/disasterassistance.

Version 2009 of the 7(A) and 504 Authorization Wizard

SBA is replacing Version 2007.1 of the National 7(a) Loan Authorization Boilerplate and Wizard and Version 2008 of the National 504 Loan Authorization Boilerplate and Wizard with Version 2009. 7(a) and 504 Authorizations prepared by SBA will now be using Version 2009.

7(a) lenders and CDCs may access and review Version 2009 of the Authorizations by going to the SBA Banking website, www.sba.gov/banking, and clicking on the Authorizations hyperlink or by using www.sba.gov/aboutsba/sbaprograms/elending/authorizations/.

While SBA will not require delegated CDCs that prepare 504 Authorizations to begin using Version 2009 and delegated 7(a) lenders that prepare Authorizations (except authorizations prepared under Express procedures) until December 1, 2008, SBA strongly encourages CDCs and 7(a) lenders to begin using Version 2009 as soon in November as possible.

Version 2009 of the 504 Wizard is compatible with Word 2003 (11) and will operate in Word 2000 (9) and Word 2002 (10). **However, Version 2009 of the Wizard is not compatible with Word 2007 (12).**

Questions regarding the 7(a) Authorization should be submitted to the 7(a) Authorization e-mail box at Auth-7a@sba.gov and questions regarding the 504 Authorization should be submitted to the 504 Authorization e-mail box at Auth-504@sba.gov.

SMALL BUSINESSES ARE AMERICA'S INNOVATORS

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.

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.



America's Innovators

"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."

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

INTERNAL REVENUE SERVICE NEWS FOR BUSINESS NOVEMBER 2008

- Now is the time to place your order for the IRS 2009 Small Business/Self Employed Tax Calendar (Pub 1518). This 12-month illustrated wall calendar is filled with helpful information for small businesses. To order, go to www.IRS.gov, search words: tax calendar. Call 800-829-3676 to order by phone.
- If you or any of your clients believe you are victims of identity theft, find out what to do at IRS.gov. Need additional help? Call the IRS Identity Protection Specialized Unit toll-free at 1-800-908-4490.
- See small business tax news every Wednesday on SBTV.com.
- The 2008 fall edition of Employee Plans News is now available on line.
- Headliner Volume 245: Federal Tax Deposit Coupons
- Headliner Volume 246: IRS Provides Guidance on Two Employment Tax Issues.
- IR-2008-117 The value of personal dependence exemptions, standard deductions and other tax items have been adjusted for inflation for tax year 2009. Other inflation adjustments are described in Revenue Procedure 2008-66.
- IR 2008-118 has pension plan adjustments.
- Notice 2008-94 provides guidance on certain executive compensation provisions enacted on October 3, 2008 for firms selling troubled assets.
- Revenue Procedure 2008-59 updates the rules for determining the amount of an employee's business expenses for lodging, meals, and incidental expenses incurred while traveling away from home.
- Revenue Procedure 2008-65 provides guidance regarding the election not to claim the 50-percent additional first year depreciation for certain new property acquired after March 31, 2008, and generally placed in service before January 1, 2009, and instead increase the business credit limitation under section 38(c) or alternative minimum tax credit limitation under section 53(c)



Training

Be sure to visit <http://web.sba.gov/calendar/public/index.cfm?op=group&grp=73> 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 also includes state, local and private activities that pertain to small business development.

SBA OCTOBER 2008 LOANS

Altra FCU
La Crosse—4 Loans for \$410,965
Associated Bank NA
Green Bay—17 Loans for \$3,757,100
Bancroft State Bank
Bancroft—1 Loan for \$980,000
Bank First National
Manitowoc—4 Loans for \$2,011,600
Bank Mutual
Milwaukee—1 Loan for \$40,000
Bank of Prairie du Sac
Prairie du Sac—1 Loan for \$280,000
BNC National Bank
Minneapolis, MN—1 Loan for \$316,500
Bremer Bank NA
South St. Paul, MN—1 Loan for \$82,000
Citizens Bank
Flint, MI—2 Loans for \$316,200
Citizens State Bank
Cadott—1 Loan for \$189,014
Citizens State Bank of Clayton
Clayton—1 Loan for \$45,000
Commerce State Bank
West Bend—1 Loan for \$150,000
Community Bank & Trust
Sheboygan—2 Loans for \$157,000
Community First CU
Appleton—1 Loan for \$30,000
Cornerstone Community Bank
Grafton—1 Loan for \$150,000
Covantage CU
Antigo—1 Loan for \$226,000
DuPaco Community CU
Dubuque, IA—2 Loans for \$80,000
First Bank Financial Centre
Oconomowoc—5 Loans for \$1,499,600
First Bank of Baldwin
Baldwin—1 Loan for \$175,000
First National Bank
Waupaca—1 Loan for \$450,000
Fox Communities CU
Appleton—2 Loans for \$154,000
Harris National Association
Chicago, IL—1 Loan for \$490,000

Hometown Bank
Fond du Lac—3 Loans for \$653,500
Johnson Bank
Racine—1 Loan for \$151,500
JPMorgan Chase Bank NA
Milwaukee—4 Loans for \$196,400
M&I Marshall & Ilsley Bank
Milwaukee—9 Loans for \$647,000
Marshfield Savings Bank
Marshfield—1 Loan for \$10,000
Merchants Bank NA
Winona, MN—1 Loan for \$20,000
Monona State Bank
Monona—3 Loans for \$468,000
Peoples Bank of Wisconsin
Hayward—1 Loan for \$255,000
Peoples State Bank
Wausau—2 Loans for \$340,000
Ridgestone Bank
Brookfield—3 Loans for \$1,079,000
Rural American Bank-Luck
Luck—1 Loan for \$323,400
Shoreline CU
Two Rivers—3 Loans for \$204,600
State Bank Financial
La Crosse—1 Loan for \$12,500
Superior Financial Group LLC
Walnut Creek, CA—2 Loans for \$20,000
The Business Bank
Appleton—1 Loan for \$137,000
The First National Bank & Trust Co.
Beloit—1 Loan for \$100,000
US Bank NA
Cincinnati, OH—8 Loans for \$1,411,600
Union Bank & Trust Company
Evansville—1 Loan for \$80,000
Union Bank and Trust Company
Bowling Green, VA—1 Loan for \$10,000
Union Bank of Blair
Blair—1 Loan for \$440,000
Waterstone Bank SSB
Wauwatosa—3 Loans for \$290,000
Wells Fargo Bank NA
Sioux Falls, SD—6 Loans for \$2,985,000

SBA October 2008 CDC Loans

Wisconsin Business Development Finance
Monona
9 Loans for 4,648
Great Lakes Asset Corporation
Green Bay
2 Loans for \$807,000
Racine County Business Development
Racine—1 Loan for \$453,000
Western Wisconsin Development Corp.
Almena
1 Loan for \$246,000



SBA October 2008 Micro-Loans

Impact Seven
1 Loan for \$35,000
WI Women's Business Development Corp.
2 Loans for \$51,802