



It's Your Business

Summer 2003

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JOIN THE SBAEXPRESS

SBA has approved 2,100 loans worth just over \$200 million to help Massachusetts' small business owners get established or expand as of June 30, 2003, three quarters of the way through fiscal year 2003. This means that we're heading for another record breaking year – the third in a row. In comparison, 1,600 loans totaling \$200 million were approved during the same period in 2002.

“While the total number of loans has increased by 31%,” said Elaine Guiney, Massachusetts SBA Director, “the dollar total is about the same. This reflects the increased usage of SBA’s popular *SBAExpress* loan program, which allows SBA lenders to meet customer demand for lines of credit and term loans of \$250,000 and under. 80% of our loans this year have been approved under *SBAExpress* with an average loan size of \$40,000, a sure sign that SBA’s efforts to make smaller loans to more businesses is paying off.”

SBAExpress loans are available through 36 lenders in Massachusetts. (See list on page 2.)

Clark University SBDC 20th anniversary celebration

Left to right:
Rich Myers, Director of
Business Development,
Clark University,
Georgianna
Parkin, State Director,
MSBDC Network,
Elaine Guiney,
Massachusetts SBA
Director



Twenty Years of Success

More than 200 people from the entrepreneurial and economic development communities attended the 20th anniversary celebration of the Clark University Small Business Development Center at the university in Worcester in June.

(Continued on page 4)



SBA/Staples Forum Focus on Innovation

that was easy.SM

The SBA and Staples will host a small business innovation forum on Thursday, September 25, 2003, at 12:00 noon at 1660 Soliders Field Road, Brighton, MA, the very first Staples location. Small business owners and entrepreneurs will have the opportunity to tap into expert knowledge on how to bring innovative ideas to life and more.

Forum panelists include SBA Administrator Hector V. Barreto, Staples Chairman and Founder Tom Stemberg, a patent and trade expert and local small business owners on the cutting edge of innovation in their businesses.

For directions to the store, click here: <http://www.staples-locator.com>. Interested small businesses may RSVP at 1-888-302-0000.

SBA SBIC PROGRAM FINANCED EARLY STAPLES' EXPANSION

In 1987 Staples had just one store in Brighton, Massachusetts, and needed capital to expand. A SBA-licensed small business investment company, First SBIC of California, which later became BankAmerica Ventures, was willing to step up and provide \$500,001 in equity financing in January 1987; in December 1987, this SBIC provided \$1,000,001. The \$1.5 million from First SBIC of California helped Staples expand from a single store to five stores. Mike Cronin, who managed this deal for First SBIC of California, says that the SBIC capital "got the ball rolling," drawing the attention of larger venture capital firms.

According to Staples' founder Tom Stemberg, "The SBA helped me with the funding to help make Staples what it is today, an \$11.6 billion business with more than 1400 stores worldwide, 58,000 associates and a thriving delivery business."

SBICs, licensed by the SBA, are privately owned and managed investment firms. They are participants in a vital partnership between government and the private sector economy. With their own capital and with funds borrowed at favorable rates through the federal government, SBICs provide venture capital to small independent businesses, both new and already established. Visit <http://www.sba.gov/INV/overview.html> and click on "Operating SBICs" for a list of firms in Massachusetts. SBIC financings to small businesses in Massachusetts totaled \$125 million in 2002.

Online Registration Opens for SBA's National Entrepreneurial Conference and Expo

Online registration is now available for the SBA's national celebration honoring America's top entrepreneurs and the *National Small Business Person of the Year*. Business owners and other individuals interested in taking part in the National Entrepreneurial Conference and EXPO may now register for events online at <http://www.sba.gov/50/>. Complete information about the Expo and the SBA's 50th anniversary events is available on the SBA's conference Web site, which will be updated regularly.

The three-day SBA event, to be held at the Washington Hilton & Towers Hotel, will feature award ceremonies and presentations by notable speakers from industry and government on issues of vital interest. ■

Massachusetts SBAExpress Lenders

Abington Savings Bank
Banknorth, N.A.
Bank of Fall River
Bank of Western
Massachusetts
Cambridgeport Bank
Chicopee Savings
Bank
Chittenden Trust
Company
Citizens Bank
Coastway Credit Union
Commerce Bank & Trust
Commonwealth National
Bank
Danvers Savings Bank
Eastern Bank
Enterprise Bank & Trust
Company
Fidelity Co-Operative
Bank
Fitchburg Savings Bank,
FSB
Flagship Bank & Trust
Fleet Bank
Florence Savings Bank
Greenfield Co-operative
Bank
Greylock Federal Credit
Union
Lawrence Savings Bank
Legacy Banks
Mercantile Bank & Trust
Middlesex Savings Bank
Pittsfield Cooperative Bank
Rockland Trust
South Shore Savings Bank
Sovereign Bank
UPS Business Capital Credit
United Cooperative Bank
Wainwright Bank & Trust
Co.
Washington Mutual
Webster Five Cents Savings
Bank
WestBank
Westport National Bank
Zions First National Bank



Don't Miss Out on Record Low Rates *CDC/504 Loan Program Helps Growing Businesses*

Calendar of Events

August 8, 2003

Springfield SCORE business plan and cash flow workshop. Call 413-785-0314 to register.

August 14, 2003

Boston SCORE Pre-Business Workshop. Call: 617-565-5591 to register.

August 26, 2003

Learn about SBA programs at SBA office in Boston. Contact: Pauline Swanson at 617-565-5615 or pauline.swanson@sba.

August 28, 2003

Two workshops

10:00 a.m. to 12 noon

IRS Workshop – learn how the IRS can help you, and

Profitable Management Tools -- Contact: Pauline Swanson at 617-565-5615.

September 17-20 2003

National Entrepreneurial Conference & EXPO in Washington, D.C. visit: <http://www.sba.gov/50>

September 25, 2003

SBA/Staples Forum on Innovation in Brighton, MA at 12:00 noon. Call 1-888-302-0000

If you've found the perfect building, but can't come up with the 30% downpayment required by your banker, consider SBA's Certified Development Company (CDC)/504 loan program. This program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings or large pieces of equipment.

Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from a SBA CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped.

The SBA/CDC portion of a 504 project is financed at a fixed rate. Rates for the past six months are: February 4.84%, March 4.5%, April 4.76%, May 4.64%, June 4.07% and July 4.35%.

CDCs are able to process, approve, close and service 504 loans of up to \$1.3 million. Contact one of SBA's five licensed CDCs in Massachusetts for more information. Go to www.sba.gov/ma and click on "Financing" and "Certified Development Companies" for a listing.

Advantages of CDC/504 loan to the borrower

- ✚ **The low down payment** of 10% – 20% allows the borrower to preserve cash for working capital. Most banks will lend only 60-70% of the appraised value of the project, which requires the borrower to inject 30-40% plus the cost of renovations and the soft costs.
- ✚ **The fixed interest rate** on the 504 portion of loan may help the borrower obtain a more favorable third party lender loan. The borrower doesn't have to worry about the prime lending rate going up and can rely on the same mortgage payment for twenty years.
- ✚ **Low interest rate** -- even with all the fees and closing costs included in the rate, 504 loans offer an excellent rate for a subordinate mortgage loan, particularly for small businesses.

Advantages of CDC/504 loans to the lender

- ✚ First mortgage on real estate results in a favorable 50% loan to value ratio.
- ✚ Fixed market interest rate on the 504 portion of the project increases the borrower's repayment capacity.
- ✚ 504 will enable the lender to participate in projects that might normally exceed their lending limits.
- ✚ CRA credit
- ✚ 504 is an excellent business development tool. ■



New Fund Supports Women Entrepreneurs

The Center for Women & Enterprise (CWE), SBA's official women's business center in Massachusetts, has launched its Entrepreneurs Fund. Designed to support their clients, the fund marks CWE's first effort that employs financial assistance from other women entrepreneurs. State budget cuts reduced CWE's funding by 10 percent this year and the money raised through the Entrepreneurs Fund will be used to continue CWE's mission to help women become economically self-sufficient and prosperous through entrepreneurship.

To date, the Entrepreneurs Fund has raised \$47,000 towards CWE's goal of \$100,000. Along with the generous contributions from corporate sponsor FleetBoston Financial, members of the Entrepreneurs Fund each donate annually to support aspiring and existing women business owners. By sharing wisdom and knowledge gained through their own successes, these supporters bring an immeasurable value to CWE programs. Working with CWE, more than 5,000 women have begun the process towards economic self-sufficiency where once financial and personal obstacles prevailed. Visit CWE's Web site at www.cweboston.org. ■



Cape Cod SCORE Update

The Cape Cod SCORE chapter hosted its 10th annual awards breakfast at the Old Yarmouth Inn in Yarmouthport in June. Robert Komenda, chapter chairman, presented the chapter's *Small Business Owner of the Year* award to Joseph R. Medeiros, president and CEO of Hyannis Mortgage.

More than 40 active Cape Cod SCORE counselors are available to teach the basic skills and techniques required to start or expand a business. Another initiative is the chapter's Successful \$mall Bu\$ine\$\$ course at Cape Cod Community College beginning on September 9, 2003 and continuing for 8 weeks. The total cost is \$75.00.

Cape Cod SCORE, a SBA resource partner, operates from offices at 270 Communications Way, Suite 5B, Independence Park, Hyannis from 9:00 a.m. to 1:00 p.m., Monday through Friday. Contact SCORE at 508-775-4884 or www.scorecapcod.com. ■

Clark University SBDC (continued from page 1)

The SBDC at Clark has helped more than 13,000 entrepreneurial clients raise more than \$82 million in capital, and helped to create over 6,000 new jobs in central Massachusetts since 1983.

The Clark University SBDC is staffed by four seasoned professionals with more than 100 years of combined practical business experience in both corporate and small business environments. Visit <http://msbdc.som.umass.edu> for information on the training and counseling services available at seven university locations throughout the state. ■



Two New SBA Microlenders Selected

The Dorchester Bay Loan Fund and the Economic Stabilization Trust/Commonwealth Corporation are SBA's newest microlender intermediaries in Massachusetts. Dorchester Bay will service Dorchester and Lower Roxbury, while the Economic Stabilization Trust/Commonwealth Corp. will service Middlesex and Essex Counties, except for the city of Lynn.

Small businesses needing small-scale financing and technical assistance for start-up or expansion should consider a SBA microloan; loans range in size from \$100.00 to \$35,000. Each of the nine intermediaries in Massachusetts has a specific geographic territory in which it operates and provides business-based training and technical assistance to its microborrowers. To find out more about the program, go to www.sba.gov and click on "Financing Your Business", scroll down to "SBA Loan Topics" and click on "Microloans". SBA microlenders in Massachusetts are listed below. Contact information on each intermediary is available at www.sba/ma/, select "Financing" and then click on "Approved Microloan Participants".

-  Community Development Transportation Lending Services (serving Massachusetts, but located in Washington, D.C.)
-  Dorchester Bay Neighborhood Loan Fund *NEW*
-  Economic Development Industrial Corp. of Lynn
-  Economic Stabilization Trust/Commonwealth Corporation *NEW*
-  Greater Springfield Entrepreneurial Fund
-  Jewish Vocational Services, Inc.
-  Jobs for Fall River, Inc.
-  South Eastern Economic Development (SEED) Corp.
-  Western Massachusetts Enterprise Fund



Northern Lights Cappuccino

Ellen Zion and her partner Elizabeth Stephens are two entrepreneurs who exemplify the benefits of SBA's microloan program. Despite their determination to establish a drive-through coffee kiosk, no bank would finance the business. As an alternative, they were directed to the Western Massachusetts Enterprise Fund (WMEF), a SBA microlender, where they received the technical assistance and financing they needed to get Northern Lights Cappuccino up and running on Route 9 in Hadley. Northern Lights exceeded its projected breakeven point of 110 cups of coffee per day during its first ten months of operation and is well on the road to success.

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