



MONTANA DISTRICT OFFICE NEWSLINE

October 2004 Edition

SBA – Your Small Business Resource

**Small Business Administration
Montana District Office**

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SBA Home Page:
www.sba.gov

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



Message from the Montana District Director

Historically, the Montana District Office has successfully carried out agency performance goals through the delivery of SBA's programs and services to Montana's small business constituents. This year is no exception.

During FY2004, the MDO exceeded our TEAM loan goal which includes loans made to women, minorities, rural, HUBZone, and low to moderate income areas by 34%. Thanks to the hard work and dedication of our lending and resource partners, which includes the offices of SBDC, SCORE, Women's Business Centers, and Business Information Centers. We exceeded our business development and counseling goals by providing counseling and training to nearly 12,000 small business entrepreneurs.

Our Government Contracting and Business Development division continues to serve and provide contracting opportunities to Montana minority and disadvantaged businesses. During this past year the GC/BD division successfully matched 451 business owners with various contracting officers with potential contracts, exceeding their goal by 50%. Firms in our 8(a) Business Development Program were awarded a total of 112 contracts totaling \$111,583,066.04 this past year.

We are currently working on our office strategic plan which will involve an aggressive lender and community marketing effort. Our goal is to increase participation in SBA loan programs by better educating our lenders and the public on the programs and services we have to offer.

We currently have two applications pending approval by organizations seeking to become Certified Development Companies in SBA's 504 Loan Program. We will continue to expand use of the 504 program by education and the addition of other CDC's within the state. We will also continue to expand access to capital by encouraging more CDC's, SBA Express lenders and credit union participation in our programs. Additionally, we will help promote the counseling and training services of our resource partners by collaborating with them and other community organizations in delivering programs for Montana's entrepreneurs.

I am pleased to announce the continued funding of our Women's Business Center, the Business Resource Center at CTI, in Helena and the addition of a new Women's Business Center, The Blackfeet Women's Business Center in Browning. Women's Business Centers strive to support and encourage

women's business ownership by providing a full spectrum of programs to maximize business growth and profitability, simplify management methods, improve business skills and obtain a support, referral and resource network. WBCs specialize in entrepreneurial training in order to address the needs of business owners in all stages of development, from start-ups to seasoned businesses, positioning

them for success through training, education, consulting and resources.

Each year SBA's Small Business Week awards honor entrepreneurs and advocates from across the state for their dedication and hard work in helping our economy grow and prosper. Please think of those small businesses or advocates you can nominate for one of the upcoming awards. See

page 8 for a complete listing of award categories.

Thank you for your support and continued use of SBA programs. The MDO looks forward to another prosperous year in helping more Montanan's achieve their dream of small business ownership.

Year End Stats and Rankings

Today, the Montana District Office of the U.S. Small Business Administration (SBA) released its fiscal year-end loan figures for Fiscal Year 2004 (October 1, 2003 to September 30, 2004). During FY04, SBA guaranteed **442** loans totaling **\$73,269,819**. Of these loans, **421** for **\$66,877,595** were made through SBA's **7(a)** Guaranty Loan Program which provides short or long term financing for small business start-up or expansion needs. **Seventeen** loans totaling **\$6,367,000** were made through SBA's **504** Certified Development Company program which provides long term fixed rate financing for land, buildings and equipment. **Four** loans totaling **\$25,224.03** were made through SBA's Microloan program.

SBA financed **128** new businesses for **\$17,930,583**. **Retail Trade, Accommodation and Food Services, Manufacturing, Contracting and Construction, and Wholesale Trade** were among the **most frequently financed** businesses during FY 2004. Of the 442 loans, **105** loans totaling **\$13,169,158** were made to **women** owned businesses, **58** loans totaling **\$8,595,100** were made to **veterans**, and **29** loans totaling **\$4,065,180** were made to **minority** business owners.

(These figures **DO NOT** include participation in 504 CDC Financing)

Holding Companies Exceeding \$2.0 million in SBA Guaranteed Loans:

Holding Company	\$	#
Mountain West Financial Corporation	\$12,074,400.00	37
Glacier Bancorp, Inc.	\$8,973,920.00	64
Stockman Financial Corporation	\$5,973,400.00	29
Yellowstone Holding Company	\$4,936,700.00	38
First Interstate Bancsystem, Inc	\$4,059,300.00	21
WFC Holdings Corporation	\$3,572,800.00	44
First National Bancorp, Inc.	\$3,128,700.00	19

Holding Companies Approving Ten or More SBA Guaranteed Loans:

Holding Company	\$	#
Glacier Bancorp, Inc.	\$8,973,920.00	64
WFC Holdings Corporation	\$3,572,800.00	44
Yellowstone Holding Company	\$4,936,700.00	38
Mountain West Financial Corporation	\$12,074,400.00	37
Stockman Financial Corporation	\$5,973,400.00	29
Capital One Financial Corporation	\$1,120,000.00	26
Innovative Bank	\$176,000.00	24
First Interstate Bancsystem, Inc	\$4,059,300.00	21

Individual Lenders Exceeding \$2.0 million:

BANK NAME	BANK CITY	\$	#
Mountain West Bank National Association	Helena	\$6,932,800.00	18
Montana Community Finance Corporation	Helena	\$4,573,000.00	14
Yellowstone Bank	Billings	\$4,233,800.00	23
Stockman Bank of Montana	Billings	\$3,079,600.00	13
First Interstate Bank	Billings	\$2,846,300.00	13
Mountain West Bank National Association	Missoula	\$2,761,500.00	9
First Security Bank	Missoula	\$2,530,600.00	15
Western Security Bank	Billings	\$2,460,000.00	12

Lenders Approving Ten or More Loans:

BANK NAME	BANK CITY	\$	#
Valley Bank	Helena	\$1,464,320.00	32
Capital One Federal Savings Bank	Mclean	\$1,120,000.00	26
Innovative Bank	Oakland	\$176,000.00	24
Yellowstone Bank	Billings	\$4,233,800.00	23
Mountain West Bank National Association	Helena	\$6,932,800.00	18
First Security Bank	Missoula	\$2,530,600.00	15
Montana Community Finance Corporation	Helena	\$4,573,000.00	14
Yellowstone Bank	Laurel	\$558,500.00	14
Stockman Bank of Montana	Billings	\$3,079,600.00	13
First Interstate Bank	Billings	\$2,846,300.00	13
Western Security Bank	Billings	\$2,460,000.00	12
Wells Fargo Bank Montana	Helena	\$1,245,500.00	10

Certified Development Company – 504 Loans

Montana Community Finance Corporation	Helena	\$4,573,000.00	14
High Plains Financial, Inc.	Great Falls	\$1,794,000.00	3

Counties Exceeding \$1.0 Million in Loans:

County Name	\$	#
Yellowstone	\$16,973,261.00	98
Lewis & Clark	\$10,425,120.00	67
Gallatin	\$7,870,400.00	40
Missoula	\$7,107,660.00	40
Flathead	\$4,762,700.00	26
Cascade	\$2,507,100.00	27
Silver Bow	\$2,458,700.00	15
Richland	\$1,902,600.00	13
Ravalli	\$1,758,202.00	17
Sanders	\$1,633,262.00	4
Deer Lodge	\$1,542,000.00	10
Stillwater	\$1,239,500.00	8
Park	\$1,234,000.00	6
Toole	\$1,227,000.00	3
Roosevelt	\$1,140,000.00	4
Lake	\$1,015,000.00	6

Counties With Ten or More Loans:

County Name	\$	#
Yellowstone	\$16,973,261.00	98
Lewis & Clark	\$10,425,120.00	67
Gallatin	\$7,870,400.00	40
Missoula	\$7,107,660.00	40
Cascade	\$2,507,100.00	27
Flathead	\$4,762,700.00	26
Ravalli	\$1,758,202.00	17
Silver Bow	\$2,458,700.00	15
Richland	\$1,902,600.00	13
Deer Lodge	\$1,542,000.00	10

Minority Small Business Person of the Year

What began as a part-time gig selling water distillers in 1995, has grown into Silver Wolf Enterprises, a full-scale enterprise engaged in food distribution, food wholesale, supplies, goods, water distillation, water purification, water filter, water cooler and other water products.

While managing a local convenience store located just beyond the border of the Fort Belknap Indian Reservation, John Gilbert was presented with the opportunity to make a little extra money for his family by selling water distillers in Montana. “A salesman from Durastill, a U.S. manufacturer of water distiller units based in Kansas City, Missouri, was selling the units in North Dakota and told me that the market was wide open in Montana,” said Gilbert. “There is a lot of bad water everywhere in the state, and if we don’t have good drinking water, we tend not to drink enough everyday.”

After penciling the idea out on paper, and coming up with some projections, Gilbert presented his plan to a local bank. Much to his surprise, the bank president believed Durastill was a good product and financed Gilbert with a small \$7,500 loan to get started. Soon, thereafter, Montana Distillers was born. He used the money to purchase some inventory and advertising, then hit the road trying to sell the units. By year end, Gilbert had managed sales of \$28,000, selling the units part-time. It wasn’t long before he realized that there was a great demand for his product and he needed to take that next step and commit full-time to growing his company. Sales over the next three years grew to over \$100,000 paving the way for Gilbert’s success.

Being a Native American owned firm certainly helped Gilbert gain a foothold in Montana’s Indian Country. He diligently pursued sales on all the reservations in Montana and also contracted with the Bureau of Indian Affairs. Sales were made to individual home owners, colleges, commercial buildings, as well as other retail outlets.

In June 1998, Silver Wolf Enterprises applied for and was accepted into SBA’s 8(a) program. Gilbert had previously done business with the BIA, but was interested in gaining access to more federal contracts and realized SBA’s 8(a) program might just be the way to do that.

In an effort to help expand the 8(a) portion of this business, Gilbert entered into a joint venture agreement with Barrios Distributing located in San Diego, CA. Barrios Distributing was a recent graduate of the 8(a) program and was very knowledgeable about the processes involved. His specialty in business was food wholesale and food distribution. Gilbert’s was water purification and service. What better combination can you get than food and water for a business venture? It was during this time that Gilbert changed his company’s name to Silver Wolf Enterprises and Barrios Distributing became the marketing arm for Silver Wolf Enterprises. Through this agreement Silver Wolf Enterprises has been able to secure numerous contracts mainly with the U.S.D.A. Silver Wolf receives offers from U.S.D.A. and, in turn, asks Barrios to solicit small businesses for a quote to get the best price possible to secure the bid from U.S.D.A. If successful then Barrios assists Silver Wolf Enterprises with all the paper work, delivery schedules, wire letters, billing and whatever else it takes to complete the awarded contract.

Today Silver Wolf Enterprises' largest volume customer is the U.S.D.A. Agricultural Marketing Service as a food wholesale broker, but they do sell to other state and government entities. Silver Wolf Enterprises is a certified dealer for many top brand products including: Whirlpool, Eureka, Bunn, Oasis, Scotsman, and Durastill. They are also a GSA Multiple Schedule Contractor. Silver Wolf Enterprises is also HUBZone and SDB certified.

Some of the most significant obstacles Silver Wolf Enterprises has had to overcome involve dealing with government red tape and regulations, which when dealing with food commodities can be pretty stringent. Also, securing financing for a small Native American owned business is always a difficult challenge. However, over the course of doing business and establishing relationships with customers, vendors, etc., Silver Wolf Enterprises successfully waded through and familiarized themselves with the mounds of paperwork and regulations involved with the contracting process and was also successful in obtaining a \$250,000 line of credit, which certainly aided the company in delivering on their contracts.

Through SBA's 8(a), HUBZone and SDB program, Silver Wolf Enterprises has flourished as a Native American Owned firm. The company has been afforded opportunities that they may not have otherwise had access to and along the way have educated themselves on doing business with the government. Silver Wolf has taken advantage of a number of workshops and trainings for the Montana 8(a) firms put on by the local SBA office, in addition to understanding the ins and outs of the Federal Acquisition Register.

Without the assistance they've received through SBA, Silver Wolf Enterprises would most certainly not be in the position they are today. The company has grown to four employees, including Gilbert's wife Pattie and oldest son Shawn and they have moved their offices out of their home into their own commercial space. They are currently in negotiations to purchase the adjacent two city lots in the hopes of expanding and building a larger warehouse facility and showroom for their products. Since acceptance into the 8(a) program, Silver Wolf Enterprises has received nearly 100 contracts totaling over \$12 million and now export to six countries around the globe.

Silver Wolf Enterprises was recently selected as Montana's SBA 2004 Minority Small Business Person of the Year. Tiffany Korb of the Havre Small Business Development Center nominated Gilbert. For more information about Silver Wolf Enterprises or their products log onto www.silverwolfenterprises.com.



(L to R: Michelle Johnston, SBA; John Gilbert, Silver Wolf Enterprises; and Tiffany Korb, Havre SBDC)

SBA Lender Training Outreach Program

Over the last six months the MDO conducted a very successful lender outreach training campaign across the state. SBA Staff were broken up into teams and assigned training at various bank locations across the state that expressed an interest in hands-on training from the SBA. Training focused on the SBA's new National Lender Training Guide (available for download at www.sba.gov/banking). While out in the various communities, SBA staff also conducted neighborhood visits to businesses, chambers of commerce, local libraries, and other economic development organizations to spread the word about the SBA's programs and services.

The District Office is gearing up for another round of training and outreach. If your bank is interested in receiving one-on-one training, please contact Michael Bayuk at 441.1081 ext. 145 or by e-mail at Michael.bayuk@sba.gov.

This FY we will also be launching online internet training. Stay tuned for details!

7(a) and 504 Program Changes Effective October 1, 2004

The purpose of this notice is to explain the changes to the 7(a) and 504 Loan Programs effective October 1, 2004. These changes are in part the result of Continuing Resolution H.J. Res. 107 (“CR”), which will be in effect until November 20, 2004, and the expiration of certain temporary statutory provisions.

7(a) Program

The following chart explains the changes in the guaranty fee, the lender annual service fee, and the commercial loan fee as follows:

<u>Fees</u>	<u>Through September 30, 2004</u>	<u>Beginning October 1, 2004</u>
<u>Guaranty Fee</u> (under 13 CFR 120.220(a))		
<u>Total Loan Amount</u> \$150,000 or less	1 percent (of SBA guaranteed portion)	2 percent (of SBA guaranteed portion). Lender is again permitted to retain 25 percent of the fee.
\$150,001 to \$700,000	2.5 percent	3 percent
\$700,001 +	3.5 percent	3.5 percent (no change)
<u>SBA-Guaranteed Portion of Loan Amount</u> \$1,000,001 to \$1,500,000	0.25 percent of the amount over \$1,000,000	No such fee (the fee, and the \$1.5 million limit on loan guarantee amount, both expired September 30, 2004)
<u>Lender Annual Service Fee</u> (under 13 CFR 120.220(f))	0.36 percent of the outstanding balance of the SBA guaranteed portion	0.50 percent of the outstanding balance of the SBA guaranteed portion
<u>Commercial Loan Fee</u> Combination Financing (created by Public Law 108-217 as of April 5, 2004)	0.7 percent of the amount of the commercial loan in a senior lien position	No such fee (Combination Financing expired on September 30, 2004).

On the above chart, the fees under the “Beginning October 1, 2004” column are effective for loans **approved** on or after October 1, 2004. The fees under the “Through September 30, 2004” column will be applied to all loans approved by SBA (which must include the issuance of a SBA loan number and obligation of SBA funds) through and including September 30, 2004.

Other Changes

7(a) Loan Guaranty Limit

The loan guaranty limit under section 7(a) (3) (A) of the Act was temporarily increased from \$1.0 million to \$1.5 million (as a result of PL 108-217). This provision expired on September 30, 2004. As a result, beginning on October 1, 2004, the maximum guaranty permitted under this section is again \$1.0 million.

Combination Financing/Piggyback Financing

PL 108-217 also established a temporary new financing vehicle entitled "Combination Financing." The financing was comprised of a loan guaranteed under the 7(a) Loan Program and a commercial loan not guaranteed by the Federal government. In most cases, the SBA guaranteed loan was subordinate to the commercial loan. PL 108-217 provided that if the commercial loan was in a senior lien position, the lender participant of the SBA guaranteed loan was required to pay SBA an additional fee of 0.7 percent of the commercial loan amount. The combination financing provisions expired on September 30, 2004, and as a result, beginning October 1, 2004, "Combination Financing" is not allowed. Any provisions concerning Combination Financing that were imposed by SBA Policy Notice No. 0000-1727 are no longer effective. In addition, SBA's practice of allowing "piggyback financing", as defined in SOP 50 10 (4), will be suspended effective October 1, 2004, until further notice.

SBAExpress

The maximum loan amount for SBAExpress loans was temporarily increased from \$250,000 to \$2 million (as a result of PL 108-217). This provision expired on September 30, 2004. Accordingly, the maximum loan amount for SBAExpress loans **approved** on or after October 1, 2004 is again \$250,000, as set forth in the SBAExpress program guide dated October 1, 2002.

New 7(a) Wizard

SBA has altered the current 7(a) Authorization Wizard Version 2004 with a revised "7a Wizard 2004.1." 7a Wizard 2004.1 will be available on October 4, 2004, to Lenders and SBA personnel at SBA's banking website at www.sba.gov/banking. Normally, there is a 30-day grace period for Lenders

to incorporate the newest version of the wizard. However, beginning October 4, 2004, Lenders must use 7a Wizard 2004.1 in order to ensure that they are meeting the requirements for 7(a) loans that become effective October 1, 2004. For SBA, the 7a Wizard 2004.1 will automatically replace the 7a Wizard 2004 on SBA's servers for use by the SBA field offices on Monday, October 4, 2004.

If you have any questions regarding the 7a Wizard 2004.1, please submit your questions to the 7(a) Authorization e-mail box at Auth-7a@sba.gov.

504 Fee Change

Each fiscal year, the on-going guaranty fee paid by 504 borrowers to SBA under 13 CFR 120.971(d)(2) is adjusted as part of the fee structure required to cover the costs of the 504 Program associated with loan defaults, and to keep the 504 Program at a zero subsidy rate. For loans approved in FY 2005, the on-going guaranty fee for 504 loans is 0.288 of one percent. This is a decrease from the FY 2004 fee of 0.393 of one percent.

SBA has notified Colson Services Corp. of this change.

Instructions to Manually Change the 504 Wizard

The on-going guaranty fee in the 504 Authorization "Wizard" must be changed by the user (whether SBA or the CDC) in order to reflect the correct fee. The wizard that is currently available has an on-going fee that will default to "0.393" in Paragraph B.6 of the 504 Authorization.

To set the on-going fee to the new value, first change the on-going guaranty fee to 0.288 in the "On-Going Guaranty Fee" Wizard panel of the Project Information Section. After inputting the above value, click on the "Default" button located in the same section. The value will then be set for all future 504 loan authorizations. Each user must set this default on their machine.

The next version of the 504 Wizard will reflect the fee in effect at that time.

Notification and Questions

CDCs and Lenders are directed to forward questions to the Montana SBA District Office at 441-1081.



2005 SMALL BUSINESS AWARD NOMINATION FORM

Help us recognize outstanding leaders in your small business community

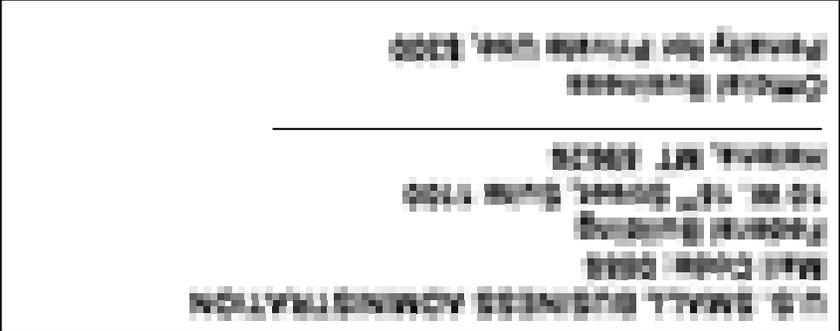
Please Check One	Small Business Awards: <i>The following seven awards are presented to individuals who own and operate their own business. (Submission of financial information is required for these awards)</i>
<input type="checkbox"/>	Small Business Person: The most prestigious of all SBA awards. This award will be presented to an entrepreneur who developed an outstanding, growing business, innovative product(s)/service, increased jobs, increased sales, overcame adversity, and contributed to his/her community.
<input type="checkbox"/>	Small Business Exporter: Awarded to a small business owner who has significantly increased export sales and profits, encouraged/mentored other firms to export, increased jobs through exporting, and implemented innovative methods for creating export markets.
<input type="checkbox"/>	Young Entrepreneur: Candidate must not have reached age 30 by June 2005, to be eligible. Evidence of three (3) year success in sales, profits, increased jobs, innovative products/service, demonstrated entrepreneurial potential.
<input type="checkbox"/>	Entrepreneurial Success: Individual(s) who own and operate a business which was launched as small by SBA size standards, received SBA assistance, and has since grown into a large business.
<input type="checkbox"/>	Family-Owned Small Business: Family owned and operated business which has been passed from one generation to another. Nominees must also serve as a majority owner and operator or bear principal responsibility for operating a small business with at least a 15 year track record.
<input type="checkbox"/>	Main Street Business: Awarded to a small business person in Montana with fewer than 10 employees who has developed an outstanding, growing business, innovative product(s)/service, increased jobs, increased sales, overcame adversity, and contributed to his/her community.
<input type="checkbox"/>	Woman Owned Business: Awarded to the top Montana woman business owner who has developed an outstanding, growing business, innovative product (s)/service, increased jobs, increased sales, overcame adversity, and contributed to her community.
	Advocate Awards: <i>The following awards are presented to individuals who promote small business, volunteer time and services to small business interest groups, advocate the cause of small business through legislation, or use their professional expertise to assist small business owners. Advocates may or may not be small business owners.</i>
<input type="checkbox"/>	Minority Small Business Advocate: Individuals advancing business ownership for minorities and fulfilling a commitment to supporting minority entrepreneurial development may be nominated.
<input type="checkbox"/>	Women in Business Advocate: Individuals increasing business opportunities for women and fulfilling a commitment to the advancement of women's business ownership may be nominated.
<input type="checkbox"/>	Veteran Small Business Advocate: Individuals increasing business opportunities for armed service veterans may be nominated.
<input type="checkbox"/>	Home-based Business Advocate: Individuals who have experienced the rewards and difficulties of home-based business ownership and have dedicated volunteer efforts to improve the climate for these businesses may be nominated.
<input type="checkbox"/>	Financial Services Advocate: Individuals assisting small business owners in obtaining financing, either directly or through advocacy efforts to increase the availability of financial services may be nominated.
<input type="checkbox"/>	Small Business Journalist Advocate – Individuals publicizing small business issues or promoting small business programs or success stories. Journalists representing television, radio, electronic, or print media may be nominated.

Nominee Information

Nominee:				Title:		
Company:						
Address:						
City:		State:		Zip:		
Phone:		Fax:		Email:		

Nominator Information

Nominee:				Title:		
Company:						
Address:						
City:		State:		Zip:		
Phone:		Fax:		Email:		



**SBA's Faith-Based and Community Initiatives
Help Make Small Business Dreams Come True.**

"The United States Small Business Administration provides loan guarantees, technical support, grants and other services to help small business men and women achieve their goals. Faith-based and community organizations can play an important role in helping the SBA identify, train and finance the entrepreneurs whose businesses will bring jobs and hope to economically distressed communities all across our Nation."

Hector V.Barreto
Administrator

For many years, the unsung heroes of America's faith-based and community organizations have been assisting individuals, families and communities who have not fully shared in America's prosperity. Unfortunately, instead of partnering with these organizations, the Federal government has often put complicated rules and regulations in place that hinder them from competing for Federal funds on an equal basis with their peers.

In the coming months, our website will outline opportunities for SBA and faith-based and community organizations to work together in addressing our Nation's social problems. In the meantime, if you have any questions or further inquiries, please feel free to contact us by e-mail at fbcis@sba.gov, or to phone us at (202) 205-9037.

Thank you for your interest.

Sincerely,

Joseph Shattan, Director
SBA Faith-Based and Community Initiatives