

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
May 2003**

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

Editor:
janice.wipijewski@sba.gov

**Small Business
Winners Honored**



**NMC Management Team
2003 Small Business Person
Award**

**L to R – Lester Gaunt; Randy
Brookens; Stuart Varner; Ulice
Payne Jr.—Milwaukee Brewers
President and CEO; Mark Schaap**

The 18th Annual Small Business Awards Presentation Breakfast was held on May 16, 2003 honoring SBA's Wisconsin 2003 Small Business Award Winners.

Non-Metallic Components, Inc. (NMC) management team was the Wisconsin Small Business Person of the Year award. They will also be honored at SBA's National Entrepreneurial Conference & Expo that will be held on September 17-19 in Washington, D.C. where they have a chance to be named the

National Small Business Person of the Year.

Along with NMC, eleven other businesses and business advocate winners were honored.

Ulice Payne Jr., Milwaukee Brewers President and CEO was the keynote speaker.

**SBA EXPRESS
LENDING PROGRAM**

By now, all of you have heard about or read about the SBA Express lending program. Hopefully the following will give you a better insight into what it is, who qualifies for it and how to apply for it.

The SBAExpress program was established via a program formerly called FA\$TRAC in 1995. It was designed to leverage private sector resources by transferring additional authority and autonomy to selected SBA lenders.

The program reduces the number of government mandated forms and procedures and streamlines the processing and reduces the cost of smaller, less

complex loans. Lenders can use their own application forms, internal credit memos, notes, collateral documents, servicing documentation, and liquidation documentation. In return for the expanded authority and autonomy provided by the program, the lenders agree to accept a maximum SBA guaranty of fifty percent. To further reduce program costs, and to ensure program consistency, the current processing of SBAExpress loan applications has been centralized in our Sacramento office. The Sacramento office reviews the application for completeness and issues an SBA loan number within 24 hours.

Some of the key features of the SBAExpress program are:

- ❖ The maximum loan amount for this program is \$250,000
- ❖ Lenders will be allowed to charge up to 6.5% over prime rate for loans of \$50,000 or less and up to 4.5% over prime for loans over \$50,000
- ❖ Qualified lenders will be authorized to make SBA eligibility determinations for this program
- ❖ Most SBAExpress loan applicants will be required to sign just one two-sided SBA form and qualified lenders will be required to forward only a single page of borrower information to the Agency.

As you have just seen, this program offers substantial flexibility to the lender to accommo-

date their applicants with fast turnarounds and excellent service.

Please contact our office at 414-297-3941 or 608-441-5263 for more details on how to increase your portfolio while decreasing your risk using the SBAExpress program.

Administration Makes \$1.4 Billion More Available for Small Business Lending

The U.S. Small Business Administration announced that \$1.4 billion in additional loan authority will be made available for small business lending authority in the agency’s primary business loan program, 7(a), will increase to almost \$11.0 billion.

“Hundreds of small business owners and entrepreneurs looking to start a business will benefit from this new loan authority,” said SBA Administrator Hector V. Barreto. “The SBA is already underwriting a record number of loans in this, its 50th year, and this new loan authority will add to our capacity to help small businesses.”

The new loan authority will be made available by applying a new 7(a) econometric subsidy model to the STAR program for FY 2003. The STAR, or Supplemental Terrorist Activity Relief program, was established

to assist small business affected by the terrorist attacks of September 11, 2001, and was in effect through January 11, 2003. From October 1, 2002 through January 11, 2003, \$1,663 billion in STAR loans were made.

By applying the new model to the STAR program, the estimated cost of the program declines dramatically. This frees up \$12.3 million that will now be transferred to the 7(a) program to make loans to small businesses. Since January, some loans approved through the STAR program have been cancelled, allowing the SBA to transfer about \$2.8 million in additional funds to the 7(a) program. Together, these transfers support approximately \$1.449 billion in additional 7(a) loans.

U.S Small Business Administration Announces Plans to Mark Agency’s 50th Anniversary

The U.S. Small Business Administration turns 50 this year, and in Washington, DC and dozens of cities across the country, the SBA will spotlight the entrepreneurial heroes who have started and grown small businesses as it marks this anniversary.

In addition to honoring 50 years of small business success, the agency is looking toward the future. At 10 public forums

starting in October and ending in April 2004, citizens will discuss the needs of small businesses and what the SBA can do to better assist them. The forums will be designed to listen to and record what American entrepreneurs find relevant.

“The President and I recognize the vital role small businesses play in creating opportunity for millions of Americans,” said SBA Administrator Hector V. Barreto. “His small business agenda is designed to create an environment where entrepreneurship can flourish by providing small businesses with the information they need to succeed, saving taxpayer dollars by ensuring open competition to government contracts and tearing down regulatory barriers to job creation.”

National recognition of the Agency’s 50th anniversary kicks off Aug. 1 at the Dwight D. Eisenhower Library and Museum in Abilene, KS, where the signing of the Small Business Act by President Eisenhower on July 30, 1953 will be commemorated.

“Since 1953, the SBA has helped more than 20 million Americans start, grow and expand their businesses placing more than \$170 billion in direct or guaranteed loans into the hands of entrepreneurs,” said Barreto.

“SBA’s 50th anniversary gives us a perfect opportunity to reflect upon our history and to plan innovative methods to better serve America’s entrepreneurs.” One of the cornerstone events of the 50th will be the National Entrepreneurial Conference and Expo, September 17-19 in Washington, D.C.

During the conference, the National Small Business Person of the Year will be announced and a new “Hall of Fame,” honoring the highest achievements in entrepreneurialism, will be inaugurated.

While recognition is an important part of the event, there will also be opportunities for small businesses to conduct business by meeting potential clients at a national contracting matchmaking event.

Educational seminars are also planned on topics ranging from access to capital, entrepreneurial development, importing and exporting, contracting, e-Government, regulatory relief, franchising and “Protecting Your Small Business.”

The SBA’s Web site at www.sba.gov lists the



50th anniversary events and links to a registration site for the NECE conference. The site will be updated regularly with new event information.

Small Businesses Can Protect Themselves From Future Disaster Damage

Small business owners can apply for U.S. Small Business Administration **Pre-Disaster Mitigation** loans to cover the costs of protecting their business property from damages caused by future disasters.

The Pre-Disaster Mitigation Loan Program is a two-year pilot program—available during fiscal years 2003 and 2004 and supports the goals of the Federal Emergency Management Agency’s disaster mitigation program. Small businesses may borrow up to \$50,000 to protect their property by taking specific measures to prevent or mitigate—disaster damage.

“As we have seen from the devastation caused by the recent tornadoes in the Midwest and the South, being prepared for a disaster should be a priority for every business owner,” said Michael Allen, director of SBA’s disaster area office in Atlanta, Georgia. “When a business owner installs impact-resistant doors and windows to the structure, he or she is minimizing the losses that could occur when the next tornado hits.”

Some examples of mitigation measures include elevating flood-prone structures or retrofitting buildings to lessen the damages caused by earthquakes, high winds and floods. The business' mitigation measure must conform to the goals of the Mitigation plan for the community, as defined by FEMA, where the business is located.

Under this pilot program, applications can be accepted during the application filing period only, which begins June 16 and ends July 16, 2003. The interest rate is fixed at 2.953 percent, with loan terms up to a maximum of 30 years.

To download an application and get more information about the Pre-Disaster Mitigation Loan program, visit the Web site at www.sba.gov/disaster. Applicants can also contact the SBA Disaster Office at 1-800-359-2227.

SBA, Mexican Agencies to Cooperate in Promoting Trade

The Small Business Administration has signed a memorandum of understanding with two leading economic Mexican agencies, aimed at expanding bi-lateral cooperation, developing stronger commercial ties and spurring increased trade between small businesses in both countries.

The agreement between the SBA, Secretaria de Economia (Mexican Department of Economy) and Nacional Financiera (National Financing Agency) was signed June 10, 2003.

The document, signed by SBA Administrator Barreto, the Mexican Undersecretary for Small and Medium Enterprises Sergio Garcia de Alba, and Nacional Financiera Director General Mario Laborin, calls for cooperation in the following areas:

- ❖ Promoting business linkages between individual U.S. and Mexican small and medium enterprises.
- ❖ Promoting development of cooperative relationships between U.S. and Mexican service providers and resource partners.
- ❖ Exchanging information on training methods and services.
- ❖ Developing programs that will benefit the small business sectors in both countries to increase trade relationships between them.
- ❖ Synchronizing efforts to work toward the objectives of the Partnership for Prosperity; and
- ❖ Evaluating and sharing information to facilitate joint ventures, licensing, subcontracting and commercial alliances and distributorship opportunities between small businesses in the U.S. and Mexico.

The cooperative memorandum will be in effect for two years.

Provisions in Jobs and Growth Act of 2003 Affecting Small Businesses

By accelerating tax reductions that were enacted in the 2001 tax act, the Jobs and Growth Act of 2003 would provide small business owners with the much needed assistance.

- ❖ 23 million small business owners would receive tax cuts averaging \$2,209.

Accelerating the reduction in the top marginal rate scheduled to take effect in 2006 (to 35%) to 2003 would help small businesses.

- ❖ Owners of flow-through entities, including small business owners and entrepreneurs, comprise two-thirds (about 400,000) of the 600,000 tax returns that would benefit from accelerating the reductions in the top tax bracket to 35% from 2006 to 2003.
- ❖ These small business owners would receive 79% (about \$9.7 billion) of the \$12.4 billion in tax relief from accelerating the reduction in the top tax bracket to 35% from 2006 to 2003.

The increase in the expensing for new investment would encourage small business owners to purchase the technology, machinery, and other equipment they need to expand.

❖ The amount of investment that may be immediately deducted by small businesses would quadruple from \$25,000 to \$100,000 beginning in 2003. The amount of investment qualifying for this immediate deduction will begin to phase out for small businesses with investment in excess of \$400,000 (doubled from \$200,000). Both parameters are indexed for inflation beginning in 2004. Computer software would be eligible for expensing. The provision sunsets after December 31, 2005.

The Increase in expensing provides incentives for small businesses to grow.

Small business owners who purchase equipment to grow and expand will get assistance through this provision. The increase in expensing encourages capital investment by small businesses.

Tax compliance and record-keeping burdens would be simplified by allowing many small businesses to avoid the inherent complexity of depreciation provisions.

Legal and Regulatory Resources for Small Businesses

Small Business Advocate
<http://www.sba.gov/ADVO/>

Created by Congress in 1976, the Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. Appointed by the President and confirmed by the U.S. Senate, the Chief Counsel for Advocacy directs the office.

Office of National Ombudsman

<http://www.sba.gov/ombudsman/>
 The National Ombudsman's primary mission is to assist small businesses when they experience excessive federal regulatory enforcement actions, such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation or other unfair enforcement action by a federal agency.

Business Law

<http://www.businesslaw.gov/viwestate.cfm?catid1=10334>
 BusinessLaw.gov is an online resource guide designed to provide legal and regulatory information to America's small businesses. Laws and regulations affect every aspect of business strategy, topics covered on the site range from the most basic and crucial, such as choosing a business structure, to the most complex and specialized such as e-commerce and exporting.

Law Library

http://www.sba.gov/advo/laws/law_lib.html
 Laws and regulations concerning small businesses.

Office of Hearing and Appeals

<http://www.sba.gov/oha/>
 The Small Business Administration established the Office of Hearings and Appeals (OHA) in 1983 to provide an independent, quasi-judicial appeal of certain SBA program decisions.

SBA's Standard Operation Procedures

<http://www.sba.gov/library/soproom.html>

Certifications or Qualification Requirements

<http://www.sba.gov/certifications>
 Does your business qualify as *small*? Can you qualify for government contracting programs? Is your small business in a HubZone? Can you qualify for Small Disadvantaged Business status?

American's With Disabilities Act

<http://www.sba.gov/ada/>
 In addition to other material, you will find [ADA Guide for Small Businesses](#). This 15-page illustrated guide presents an overview of some basic ADA requirements for small businesses that provide goods and services to the public. It provides guidance on how to make their services accessible and how tax credits and deductions may be used to offset specific costs.

The Business Assistance Program

http://www.wisbar.org/bar/pbba_p.htm
 Small and emerging businesses throughout Wisconsin can receive up to two hours of counseling from a business lawyer at

no cost. Members of the Business Law Section of the State Bar of Wisconsin provide this service. Your lawyer can help you to identify problems affecting your business and develop a plan for solving those problems. The Business Law Section provides this program as a public service. Participation in the Business Assistance Program does not imply further obligation.

Regulatory Alerts for Small Business

http://www.sba.gov/advo/laws/law_regalerts.html

Notices of proposed rulemaking that are currently open for comment that may significantly affect small businesses. Advocacy encourages affected small businesses to provide the Federal agency proposing the rule with comments on the proposed rule and the agency's analysis of its potential impacts on small business.

Small Business Winners Tips

‘Success results from having the right people in the right positions, who are all focused on development and implementation of the strategic plan.’

Kevin Tempas, 2001 Financial Services Advocate



SBA Lenders for May 2003

American National Bank-Fox Cities

Appleton – 1 Loan for \$36,000

Associated Bank NA

Green Bay – 15 Loans for \$2,518,900

Neenah – 1 Loan for \$64,000

Total: 16 Loans for \$2,582,900

Bank One NA

Chicago, IL – 7 Loans for \$1,434,300

Baylake Bank

Sturgeon Bay – 1 Loan for \$36,000

Bremer Bank NA

New Richmond – 1 Loan for \$145,925

Business Bank of the Fox

River Valley

Appleton – 1 Loan for \$1,075,000

Business Loan Center LLC

New York, NY

2 Loans for \$1,632,100

Capital One Federal

Savings Bank

Falls Church, VA

7 Loans for \$280,000

Charter Bank Eau Claire

Eau Claire – 1 Loan for \$102,000

CIT Small Business Lending Corp.

Morristown, NJ

2 Loans for \$399,000

Community Bank & Trust

Sheboygan – 7 Loans for \$1,217,000

Community Bank Delavan

Delavan – 1 Loan for \$53,000

Delafield State Bank

Delafield – 1 Loan for \$150,000

First Banking Center

Burlington – 2 Loans for \$190,000

First National Bank of Berlin

Berlin – 1 Loan for \$110,000

First National Bank-Fox Valley

Menasha – 4 Loans for \$475,000

Fox Communities CU

Appleton – 1 Loan for \$120,000

Home State Bank

Litchfield, MN – 1 Loan for \$150,000

Hometown Bank

Saint Cloud – 1 Loan for \$100,000

Innovative Bank

Oakland, CA – 1 Loan for \$5,000

Investors Community Bank

Manitowoc – 1 Loan for \$20,000

Johnson Bank

Madison – 1 Loan for \$356,563

Fort Atkinson – 1 Loan for \$237,000

Total: 2 Loans for \$593,563

Legacy Bank

Milwaukee – 4 Loans for \$784,300

M&I Marshall & Ilsley Bank

Milwaukee – 19 Loans for \$2,464,000

Peoples Bank

Elkhorn – 1 Loan for \$548,000

Peoples State Bank

Wausau – 1 Loan for \$254,688

Pyramax Bank SSB

Mukwonago – 1 Loan for \$54,000

S & C Bank

Menomonie – 1 Loan for \$82,000

State Bank of Cross Plains

Cross Plains – 1 Loan for \$200,000

State Financial Bank

Elkhorn – 1 Loan for \$254,688

The Coulee State Bank

La Crosse – 1 Loan for \$545,000

The Northwestern Bank

Chippewa Falls – 1 Loan for \$150,000

The Park Bank

Madison – 1 Loan for \$390,000

Union State Bank

Green Bay – 1 Loan for \$250,000

Kewaunee – 1 Loan for \$124,800

Total: 2 Loans for \$374,800

US Bank NA

Cincinnati, OH

5 Loans for \$132,000

Waukesha State Bank

Waukesha – 1 Loan for \$100,000

Wells Fargo Bank Minnesota NA

Minneapolis, MN

3 Loans for \$486,000

Wells Fargo Bank NA

San Jose, CA – 1 Loan for \$15,000

Wisconsin Business Development

Finance Corp.

Monona – 13 Loans for \$5,919,000

Microloan Activity May 2003

Advocap

1 Loan for \$15,000

Northeast Entrepreneur Fund

1 Loan for \$4,500

Calendar of Events

<http://app1.sba.gov/calendar/states/calendar.cfm?op=group&grp=73>