



209 E. William, Suite 300
Wichita, Kansas 67202

SCKEDD Messenger

March 2007, Issue 3

Actions Needed Before Sending 7(a) Applications to SBA

Last week we attended a training session in Kansas City. SBA “suggested” five actions that need to be taken before sending 7(a) applications to the Loan Guaranty Processing Center “LGPC” (www.sba.gov/banking/lgpc/index.html). Three of the actions are discussed below. (We will cover the other two next month.)

(1) Lenders must determine they can not consider the deal without the SBA guaranty. SBA is looking for a solid statement from the lender stating the actual reasons why the guaranty is needed, such as: Is the needed term too

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SBA 504 Program

Bottom Line Benefits to the Bank

The U.S. Small Business Administration’s (SBA) 504 Loan Program enables the bank to provide long-term fixed-asset financing. The bank can increase profits and reduce risk at the same time.

- Earn fees and profits on the first mortgage. Includes no fee restrictions on the bank’s portion of the financing. Interest rate can be either variable or fixed.
- Reduce risk with a 50% loan-to-value ratio. In most cases, the bank will have first lien position on 100% of the assets being financed with only 50% interest in the project.
- Retain the commercial relationships by participating in long-term financing.

- Make BIGGER loans.
- Develop a secondary market in the bank’s 50% first mortgage position.
- Comply with the Community Reinvestment Act and extend the bank’s legal lending limits.
- Generate new business for years to come.
- Broaden the community tax base through job creation and retention.

Save time – there is very nominal amount of SBA paperwork for the bank to complete.

CONTACT SCKEDD TODAY!

316-262-7035, 800-326-8353 or sandy@sckedd.org

Your SCKEDD 504 Team is:

Sandy Ring, Program Manager
Marge Sherraden, Closing Officer
Julie Baker, Development Coordinator

Phone—316-262-7035
Fax—316-262-7062
E-mail—sandy@sckedd.org
Website—www.sckedd.org



TOPIC for Next Issue:
504 Benefits to Clients

Monthly Rate Corner

504 Rates based on the March '07 Debenture Sale

	“Note Rate”	“Effective Rate” (includes fees)
10-Year	5.226%	6.296%
20-Year	5.305%	6.199%



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SCKEDD and SBA 7(a) Loans

Actions Needed (Continued from Page 1)

long? Is the available collateral inadequate? Is it a new business startup? Do lenders typically lend to this type of business? Are there other circumstances that make the deal an unbankable loan without the SBA?

(2) The lender must determine if each project meets SBA's eligibility requirements. The agency has the final determination about eligibility, but the lender needs to complete the Eligibility Questionnaire. It was also suggested that the completed questionnaire be submitted with the application.

(3) Make sure the Form 912, Statement of Personal History, is completed and reviewed. The Wichita SBA District Office can assist with answering questions about the 912 and can clear some responses (316-269-6571).

Remember: **We are here to help you and your small business customer.**

Give Rick a call at **316-262-7035**, (800-326-8353). His E-mail address is rick@sckedd.org. He will be happy to visit with you about possible applications.

Your SCKEDD 7(a) Team is:

Rick Rawlings, Program Manager
rick@sckedd.org

Julie Baker, Development Coordinator
jbaker@sckedd.org

Phone—316-262-7035

Fax—316-262-7062

Website—www.sckedd.org

Rural Development Tax Credit Program

Businesses needing financing, but who do not qualify for bank financing, have a *new* option for funding in the Rural Business Development Tax Credit Program. This loan program is for loans of \$2,500 - \$50,000 in areas of the SCKEDD District outside of the cities of Wichita and Hutchinson. Interest rates are Prime + 1-2%, depending on loan size, and fees are 1% of loan amount up to \$100, plus closing costs. For more information, contact Christie Henry at christie@sckedd.org or 316-262-7035.

To add or remove your name from our e-mail list please contact us.

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