

2008 Economic Stimulus Package Aids Small Businesses

The Economic Stimulus Act of 2008 will impact small businesses in a variety of ways and may also help reduce their tax bill. For more information, the U.S. Small Business Administration encourages owners of small businesses and their service providers to check out the new resource center on their website (<http://www.sba.gov/stimulus>). The webpage contains a fact sheet, a depreciation calculator and an on-line seminar detailing how businesses can benefit from the Act.

There are two key provisions for small businesses:

- For a business' tax year that begins in 2008, the act raised expensing limits (Section 179) from \$128,000 to \$250,000 for assets acquired and placed in service in that tax year.
- For property acquired, placed and kept in service in calendar year 2008, a business may be able to write off 50 percent of their cost basis.

Because there are exceptions and additional requirements, your client should contact their tax advisor to determine exactly how the provisions of the Economic Stimulus Package apply to them. They may also refer to the Internal Revenue Service website (<http://www.irs.gov>) for additional information.

(Information for this article was taken from the SBA website and an e-mail dated June 26, 2008 from Vanessa Klein, Public Information Officer for the SBA Wichita District Office.)

More Common Errors Found in Purchase Packages

In the last issue of the *Messenger* we discussed some common errors that the National Guaranty Processing Center has found with Purchase Packages that may cause a delay in processing. We are continuing with a list of common errors in this issue.

1. Evidence of equity injection is missing
2. Settlement sheets are incorrect or do not have supporting documentation to evidence disbursements

- Early default issues:

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CONTACT SCKEDD TODAY!

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

Presentations
to Financial
Institutions

Monthly Rate Corner

504 Rates based on the most recent Debenture Sale

	"Note Rate"	"Effective Rate" (includes fees)
10-Year*	5.031%	6.106%
20-Year **	5.758%	6.653%

* May 2008 (10-year Debentures sell every other month)
 ** June 2008

Common Errors (continued from front page)

3. Post default UCCs are missing or are incorrect
 4. If the loan is an early default by a PLP lender, the credit memo and/or SBA Form 912 are often missing
- IRS Income Tax Verification is often missing or incorrect (IRS Form 4506-T)
 - If you are submitting a Low-Doc Loan for purchase, the liquidation of all non-real estate assets must be completed before the purchase request may be submitted unless the borrower has filed bankruptcy. The agency has received several Low-Doc loan purchase requests where the liquidation has not occurred and there is no indication of bankruptcy, which causes the center to assume that the purchase package is not ready to be submitted.
 - For all loans, in situations where liquidation has occurred at the time that purchase is being

requested, the Report of Sale and Appraisal(s) (or some other satisfactory valuation of collateral) or final wrap up report are often missing. They can not purchase the guaranty without these extremely important pieces of information.

- The Site Visit Reports are often missing
- Wire Transfer Information is missing
- Environmental Questionnaire/Phase I.II is not provided when required
- Risk Management Database information is missing
- Low-Doc Eligibility Checklist (if a Low-Doc) is not provided when required

Keep in mind these weaknesses in support documentation that have prevented clean and easy loan purchases for others when you are submitting a loan for purchase.

If you have questions about purchases, Linda McMaster (316-269-6191) or Brenda Murray (316-269-6571) at the Wichita District Office of the SBA can be contacted for assistance.

(This information came from a recent issue of *Wisconsin SBA Monthly Newsletter*.)

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

To add or remove your name from our e-mail list, please contact the *Messenger* editor, Jane Johnson, at jjohnson@sckedd.org.

SCKEDD

209 E. William, Suite 300
Wichita, Kansas 67202