



209 E. William, Suite 300  
Wichita, Kansas 67202

# SCKEDD Messenger

September 2007, Issue 9

## 504/7(a) Packaging Tip: Determine Eligibility of Small Business Concern Early

*IF your client has disclosed that he/she is presently under indictment, on parole or probation; ever been charged with and/or arrested for any criminal offense other than minor motor vehicle violation; and/or ever been convicted, placed on pretrial diversion, or placed on any form of probation, including adjudication withheld pending probation, for any criminal offense other than a minor vehicle violation . . . Then, SBA requires a background check and character determination to assess if SBA funds can be used in the proposed project. SBA conducts two types of background checks—Name Check and Fingerprint Check. When an applicant discloses a felony, there is a fingerprint check. If the applicant discloses a past offense(s) that was classified as a misdemeanor, a name check is done. An SBA Form 912 “Statement of Personal History” is completed for every loan/guaranty application. Such form is completed by the proprietor, if a sole proprietorship; by each partner, if a partnership; or by each officer, director, and additionally by each holder of 20% or more of the ownership stock, if a corporation, limited liability company or a development company. Please note that the process can take up to three months for clearance. Fortunately though, the review process can be started prior to the formalized SBA 504/7(a) Application submittal.*

### Training for Rural Businesses

SCKEDD has been awarded a grant from the Rural Business Development Tax Credit Program to provide training to businesses in our 14-county district. Training available includes Quick Books accounting software, Microsoft Office applications, and general financial management. Individualized counseling is also available. Classes will be offered in Butler and Cowley Counties during mid-October. Please contact Shelley Basham or Christie Henry at SCKEDD or visit our website at [www.sckedd.org](http://www.sckedd.org) for more information.

### Microloan Funds Available

SCKEDD’s Microloan Program has funds available for all areas of our 14-county region. Funds can be used for equipment, inventory, site improvements, and working capital. The maximum loan size is \$35,000, but funds can be used as part of a larger project up to a project size of \$105,000. Interest rates are fixed at 10.25% on loans over \$10,000 and 10.95% on loans below \$10,000. Training and technical assistance is also available for businesses that receive loans through this program. Please contact Christie Henry for more information, or visit our website at [www.sckedd.org](http://www.sckedd.org).

**CONTACT SCKEDD TODAY!**

**316-262-7035, 800-326-8353, [sandy@sckedd.org](mailto:sandy@sckedd.org) or [rick@sckedd.org](mailto:rick@sckedd.org)**

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**TOPIC for Next Issue:**  
**504 Fees**

### Monthly Rate Corner

504 Rates based on the Sept. 2007 Debenture Sale

	“Note Rate”	“Effective Rate” (includes fees)
10-Year	5.432%	6.499%
20-Year	5.637%	6.529%



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## Patriot Express

The Small Business Administration recently announced the start up of a new loan program for veterans and their spouses. It is called Patriot Express and is a modification of their existing Express Loan program.

One advantage of this loan program is that the bank can make a loan for up to \$500,000 and get a 75% guaranty for loans over \$150,000 and 85% for loans under \$150,000. The regular Express Loan program is limited to \$350,000 and only carries a 50% guaranty.

The program also uses a streamlined, centralized and expedited loan process similar to existing Express Loans. Two more advantages of this program are that term loans and revolving lines of credit are allowed and the bank may use most of its own documents.

If you are not a Preferred Lenders Program (PLP) lender or do not currently have Express Loan authority, you should contact the Wichita District Office and get approved. Rick Rawlings, a program manager at SCKEDD, made Express Loans before he came to SCKEDD and feels they serve a very good purpose and are good for Line of Credit (LOC) loans.

There are other advantages and points to consider about Express Loans, especially Patriot Express Loans, not listed in this article. If you would like more information about this program and are interested in gaining SBA Express status, contact Brenda Murray, Vanessa Klein, or Miki Cady at the Wichita office of the Small Business Administration (316-269-6571).

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## 504 SBA Guarantee Eliminated

Beginning October 1, 2007, the SBA Guarantee Fee is being eliminated from all debenture pricing on the loans approved in the new fiscal year. Currently, the borrower pays 50 basis points of the net debenture. For example, on a net Debenture in the amount of \$100,000, the borrower would save \$500 in SBA fees.

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

SCKEDD

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