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Spokane Lenders' Update

March 2005 Edition

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This quarterly newsletter is designed to keep Lenders informed on SBA issues that affect loan programs or loan processing. If you have suggestions for future newsletter content or SBA loan issues you would like to see clarified, contact your friendly Spokane SBA Loan Officer:

Gil Acevedo's phone 509-353-2802 or e-mail gilbert.acevedo@sba.gov;

Coralie Myers' phone 509-353-2630 or e-mail coralie.myers@sba.gov; and

ADD/ED - Ted Schinzel's phone 509-353-2806 or e-mail ted.schinzel@sba.gov.

Success In Action

Spokane SBA success stories are central to our small business recognition program. They spotlight area entrepreneurs who have been assisted by SBA and its resource partners, SCORE, SBDCs, and/or Lenders. Below is a shortened, sample success story. When we feature a success story that also highlights one of your clients, please feel free to include the story in your lender newsletter or post it on your Web site.

The White House Grill

“Owning a restaurant is an incredible learning experience... but everything starts with a dream.” – R.E.



Raci Erdem’s journey to business ownership started when he came to the U.S. from Turkey. He fell in love with the U.S. while working in restaurants in Manhattan offering everything from Turkish cuisine to French fine dining. He later moved to the Inland Northwest and worked in Spokane area restaurants.

An interest in restaurant ownership prompted a meeting with a business counselor at the Spokane Small Business Development Center to discuss the feasibility of his business plan and management issues. Erdem explains, *“There are a lot of very talented chefs that open restaurants because everybody loves their food...It’s better to start with a small restaurant. Customer responses help you discover ways to grow.”*

In 1996, Raci and a partner opened a Post Falls, Idaho restaurant in a small white house that had been a hot dog stand. They turned it into a cozy seven table restaurant specializing in Mediterranean cuisine - offering Greek, Turkish, and Italian dishes – *“The White House Grill.”*

Later, Erdem’s partner left the business and by 2003, he decided to expand. An SBA guaranty loan through bankcda allowed the business to move into a larger facility, doubling restaurant customer space. *“It was fun to convert a very ugly bank building into an attractive Mediterranean restaurant,”* Erdem adds.

bankcda provided two loans, one for the purchase of the building and one for working capital. Erdem shares, *“I can’t say anything but good things about the way bankcda handled the whole loan process. SBA-backed loans help people like me. Kathleen Esquibel of bankcda believed in me...and advocated for my dream. Restaurant loans are risky for bankers, but my track record...proves that Esquibel was absolutely right in financing my project.”* The new restaurant enabled Erdem to increase his staff from 18 to 60 and boosted sales revenue to 20 times higher than eight years earlier.

Esquibel explains, *“The White House Grill has a great reputation...not just because the menu is different and the service good, but more importantly because of the way the dynamic owner Raci Erdem personally interacts with the staff and customers.”*

Erdem maintains a balance between work and family time by giving staff three weeks off a year – two weeks at Christmas and one week around the July 4th holiday. He says, *“We return with smiles on our faces and no regrets. You can’t always say revenue, revenue, revenue. You have to pace yourself...and trust your employees. If you burn yourself out, it’s no longer fun.”* Loyal customers eagerly return each time the restaurant reopens, bringing business back to normal levels within one day.

Erdem has this advice for potential restaurant owners: *“Do it for the love of it, because you probably won’t make much money for a long time. When I started, I worked long days, seemingly non-stop at first. Be ready for customers when you open your new restaurant’s doors because it is how you handle the initial crowd and the day-in-and-day-out positive interactions that keep your restaurant in demand. Remember, it’s the customers who make a business successful.”*

The White House Grill spices up the Inland Northwest with a great place to dine, so Erdem will savor the flavor of success for many years to come.

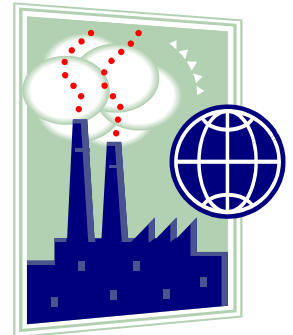
Congratulations to bankcda

bankcda is our newest PLP Lender!

PLP lenders are authorized to make SBA guaranteed loans, subject only to a brief eligibility review and assignment of a loan number by SBA. SBA approves PLP status for a period of two years at a time. Should your bank desire PLP status, please contact our SBA Spokane Branch office.



Environmental Requirements



SBA requires an investigation and assessment of the environmental risk on all primary collateral offered as security for any loan that the Agency is asked to guaranty in order that the risks of environmental contamination can be assessed and addressed.

Submission of Environmental Investigation to SBA.

A Lender must submit to SBA it's written recommendation by qualified lender personnel or Lender's agent supporting the "Reasonable and Prudent Belief" that there is no risk of contamination and that no further action/investigation is warranted. The reasonable and prudent belief must be based upon:

- The information known about the site
- Past or present operations at the site or adjacent sites
- Statement that contamination at the site is unlikely, based upon:
 - Results of Lenders Environmental Investigation
 - Include copies of the Environmental Questionnaire, Transactional Screen Analysis or Phase I or II
 - Nature and extent of contamination if any. Please refer to relevant pages in the Phase I or Phase II report
 - Status of any remediation and monitoring
 - Relevant environmental reports
 - Correspondence from Regulatory Agency regarding current conditions
- Amount of loan
- Written and signed statement of "Reasonable and Prudent belief"

Lenders should have an understanding of potential environmental issues surrounding all primary collateral securing an SBA loan.

SBA LowDoc Loans

SBA *LowDoc* loans are for you if you want to use a streamlined SBA loan program that is based on the character and credit history of a small business, relies on the judgment of the lender, and has a turnaround time of 36 hours. Access the *LowDoc* form online at www.sba.gov/banking/programguide.html.

Issue:	SBA <i>LowDoc</i> Feature:
Loan Limit:	\$150,000
Maximum SBA Guaranty %:	85%
Guaranty Fee:	Two percent of the guaranteed portion. Lender is permitted to retain 25 percent of this fee.
Eligibility Decision:	Relies heavily on Lender Checklist But SBA still reviews
Revolving Lines of Credit:	Not permitted
Turnaround Time:	100% within 36 Hours
Forms:	Revised one-page application form that requires more data, but the same form applies to ALL SBA <i>LowDoc</i> loans regardless of amount
Collateral:	Follows 7(a) Policy - Lack of available collateral will not be the sole basis for decline of any loan
Credit Decision:	By SBA with Credit Scoring
Reconsideration:	Permitted in Field Offices under SBA <i>LowDoc</i> or Regular 7(a) policies and procedures.
Secondary Market:	Can be sold
Lender Oversight:	Field Offices are responsible for Lender Review as coordinated with OFA and OFO in HQ
Liquidation:	Lender liquidates Non-Realty BEFORE buyback

All Lenders are encouraged to use the LOWDOC program for all loan under \$150.0k.

**EXPERIENCE is a wonderful thing.
It enables you to recognize a mistake when you make it again**

SBA Staff Profile

Every SBA staff member supports the loan programs directly or indirectly. To familiarize Lenders with the Spokane SBA team, Branch staff members are profiled in each newsletter. You may learn something interesting about someone you already thought you knew!

Featured Staff:

Adrienne Abney-Cole – SBA Resource Coordinator

Adrienne Abney-Cole joined the Spokane SBA Branch team in June 2002, and we haven't been the same since! When she heard that Spokane was a booming office, little did she know that it meant that she'd be surrounded by boomers! She raises morale and lowers the average employee age, just by being a part of our team.

Adrienne's home town is Washington D.C., so seven years ago, she started her federal career with SBA working in the Office of Native American Affairs at SBA headquarters. Later, working for the Office of Entrepreneurial Development (ED), she compiled reports on SCORE, Small Business Development Center (SBDC), Women's Business Center, and Business Information Center (BIC) activities nationwide. Her work at SBA headquarters provided a national perspective and fresh insights that she readily applied to the practical implementation of programs and services at our SBA Spokane Branch level.



When Adrienne joined the ED team in Spokane, she directly contributed to client services while manning what formerly was the BIC operation. Often BIC users were seeking SBA loans, and Adrienne referred them to SCORE and SBDC counselors for help, provided research materials in the library, and recommended workshops such as the SBA loan briefing or ones on how to write business plans.

Before long, Adrienne's hidden talents were discovered and her role on the ED team expanded. She now manages resource partner relationships, markets SBA products and services to the public at business fairs, provides tours of the entrepreneurial library, increases SBA outreach through presentations to targeted groups such as veterans, and develops or updates marketing materials like press releases, Spokane Branch office brochures, success stories, and the SBA Business Resource Guide.

Adrienne has grown professionally and personally while in Spokane. She now is a proud mother of two beautiful girls, future investors in one of your banks! Adrienne's husband is an Air Force officer. His tour of duty at Fairchild A.F.B. brought her here, and sadly, soon his transfer will take her away from us. But hopefully, another SBA office elsewhere in the country will have the opportunity to bring Adrienne on board and benefit from her expertise.

Adrienne has these parting words for lenders: ***“I feel like a natural extension of the lender team because so many potential loan clients come to the SBA during their quest for the American Dream – business ownership!”*** And on a more personal note, she adds, ***“It's all right if there's a bank error in my favor. Don't worry about it...I'll take care of it!”***



Spokane BIC is now BIZStreet Resource Center

As the SBA sunsets its role in staffing Business Information Centers nationally, the Spokane Regional Chamber has ushered in the dawn of a new era. In Spokane, the name has changed from BIC to BIZStreet Resource Center but the excellent library, counseling and training services to entrepreneurs are not only sustained, they are being improved. The Chamber plans its official launch of the BIZStreet Resource Center in mid-April.

The Chamber has hired **Dawn Burns** to serve as the new BIZStreet Resource Center Coordinator. Burns has with over 15 years of management experience. She will apply her organizational and liaison abilities to strengthen outreach to businesses and potential entrepreneurs, as well as increase BIZStreet usage by current and prospective Chamber members. The enhanced Chamber role in BIZStreet operations can increase services to business owners who may be experiencing temporary downturns in their business cycles and need to tap the network of assistance available to find solutions.



Burns will represent the Chamber while coordinating and combining efforts with other community organizations that have offered staff time and resources to the BIZStreet Resource Center. Organizations co-located within BIZStreet include the AHANA minority business and professional association, the Spokane Chamber PTAC (Procurement Technical Assistance Center), and SCORE volunteer business counselors. Business specialists from the Microenterprise Development component of SNAP (Spokane Neighborhood Action Program) and from TINCAN (The Inland Northwest Community Access Network) also support and assist the BIZStreet operation.

Do not hesitate to refer potential business loan clients to the BIZStreet Resource Center. Whether clients do library research, attend loan briefings or business management workshops, or tap the expertise of SCORE or SBDC counselors for business plan help, they later return to their lenders much better prepared. Lenders should continue to send their customers to BIZStreet for help.

SBA staff will continue to assist clients attending SBA workshops such as loan briefings in the SBA Training Room adjacent to the BIZStreet Resource Center.



Small Business Month - Coming Again in May

Last year 57 organizations and agencies provided over 150 events/trainings across the Inland Northwest, 34 of which were outside the Spokane/Coeur d'Alene corridor. Our goal is that ALL small businesses are made aware of resources and opportunities available to them. This can only happen with your help.

We want to showcase organizations that support small business and highlight events/venues that benefit entrepreneurs throughout Small Business Month – May 2005. Each year we try to reach even more Inland NW small businesses.

How can our lending partners help this year?

- Include statement stuffers about Small Business Month in mailings to business customers, and/or display at branch offices.
- Direct small businesses to the website: www.SmallBusinessInlandNW.org to see what is available, promote Small Business Month on your bank reader boards, or by direct communication.
- Highlight/showcase successful SBA/bank small business customers during May, and let us know when you do.

Please join us to help make SBM 2005 a success. If someone else at your bank handles these types of requests, please provide them with the following SBA contact information: **Coralie Myers**, Small Business Month Coordinator, coralie.myers@sba.gov, (509) 353-2630.

Women's Business Center in Spokane: Grand Opening Soon

The recently funded Inland Northwest Women's Business Center has been "working without walls" and has accepted clients for the past four months. In that time, over 50 predominantly women-owned businesses have been helped with counseling, training, and strategizing the future of their businesses.

Businesses assisted have ranged from manufacturing to retail and service companies. And while many clients are start ups, or entrepreneurs pursuing bright ideas, some WBC clients have been in business for five to 15 years. These more mature businesses are ready to grow and expand their markets, and need help planning for their expansion. Several industry sector groups have formed, and INWBC has developed specialized training to meet the needs of those specific groups.

The WBC's office space is at 827 W First Avenue in the Courtyard Office building south of the Davenport in downtown Spokane. It is being remodeled to create a more welcoming environment where business owners can meet informally and can use computers, as well as meet with counselors and mentors to address specific issues. The Women's Business Center grand opening is in the planning stages and is expected to occur during Small Business Month with a ribbon cutting, reception and displays showcasing WBC clients.

Karen Michaelson of The Inland Northwest Community Access Network (TINCAN) is the Women's Business Center Project Director. Coralie Myers is the local SBA liaison supporting the new WBC. When the Spokane Women's Business Center Web site is up and running, www.inwbc.org will be an excellent new resource. For more details on the evolving Women's Business Center program in Spokane, contact Karen Michaelson at 509-744-0972.

2005 Small Business Person of the Year Awards



Entrepreneurship is one of our nation's cherished ideals. We want to say thank you to our Lender partners who nominated exceptional companies for our annual SBA celebration of small business accomplishments and contributions to their communities and the economy.



A new wave of business owners will be recognized this spring as part of our Small Business Month celebrations.

**Two companies within SBA's Spokane Branch area have won awards at the state level this year!
Congratulations to:**

**Idaho State's 2005 Small Business Person of the Year winner
Rob Randall of Randall Construction, Kellogg, ID**

**Washington State's 2005 Family-Owned Business Champion Award winner
Linda Burgin of Chipman Moving and Storage, Spokane, WA**

SBA Spokane Branch area award winners exemplify the best traits of entrepreneurs in the Inland Northwest. Area winners can compete for the next round of branch, state, and national SBA awards. The 2005 SBA Spokane Branch Office area award winners will be announced soon, and Spokane SBA will be honoring the winners in Eastern Washington and Northern Idaho.

SCORE – A Volunteer Opportunity for Lenders

SCORE “Counselors to America’s Small Business” is an excellent resource to lenders because of the free and confidential services that the volunteer business counselors provide to potential loan clients. Many SCORE counselors excel at helping entrepreneurs complete their business plans, assistance potential loan clients often need.

SCORE has four Chapters in the Inland Northwest with approximately 90 members total. In addition to the Spokane Chapter that also serves North Idaho, SCORE chapters are based in Wenatchee, the Tri-Cities, and Yakima Valley. Clients can make appointments to meet with SCORE at the following locations:

Ellensburg Business Dev Authority	509-962-7244	TriCities Area Chamber (Kennewick)	509-736-0510
Lake Chelan Chamber	509-682-3503	Wenatchee Valley Chamber	509-662-2116
Moses Lake Chamber	509-765-7888	West Richland Chamber	509-967-0521
Omak Chamber	509-826-1880	Yakima Chamber	509-248-2021
Pasco Chamber	509-547-9755	Bonnors Ferry – Job Svc Office	208-267-5581
Richland Chamber	509-946-1651	Hayden – Panhandle Area Council	208-772-0584
Richland WSU Campus/BusinessLinks	372-7142	Lewiston – Lewis Clark St. College	208-799-2465
Spokane BIZStreet Resource Center	509-353-2820	Post Falls – North Idaho College	208-769-3296
Spokane Valley Chamber	509-924-4994	Sandpoint – Bonner Business Ctr	208-263-4073
TriCities Enterprise Center (Richland)	375-3268	TriCities Hispanic Chamber	planned

Each year, SCORE counselors nationally touch thousands of lives, generously sharing their knowledge and experience so that entrepreneurs can realize their dreams of business success. SCORE’s goal is to meet the needs of small business through counseling and training. SCORE recruits new members from a variety of backgrounds in order build a cadre of experts in various subjects.

Since access to capital is always a need within the business community, sharing your knowledge can make a big difference. Any lenders who have part of a day each month to devote to community service or who are retiring soon are encouraged to consider joining SCORE to lend your finance expertise to the mix of knowledge and skills that SCORE continues to freely share with entrepreneurs.

To get an application to join SCORE, contact one of the following SCORE Chapter representatives:

For **Wenatchee SCORE** – email Mike Cassidy, Chapter Chair at mcassidy1910@charter.net

For **Spokane SCORE** – email Steve Mongelluzzo, Chapter Membership Chair at sjmongellz@omnicast.net

For **Tri-Cities SCORE** – email James Thornton, Chapter Chair at jwt_3@msn.com

For **Yakima SCORE** – email Neil Dickinsen, Chapter Chair at dad2770@aol.com

For **Ellensburg (Yakima SCORE)** – email Jim Frichette, Ellensburg Coordinator at score@elltel.net

Washington SBDC State Director Hired

Brett Rogers has been named director of the statewide network of Small Business Development Centers hosted by Washington State University. Rogers, a certified economic developer, formerly held the position of associate state director for the organization.



Before coming to the SBDC in 2003, he served as director of business expansion and retention for the Columbia River Economic Development Council. Prior to that, he held the position of assistant director of Washington SBDC Office of International Programs, worked in private industry, and held several economic development positions in Washington state.

He earned a master's degree in international management with honors from Thunderbird—The Garvin School of International Management; and holds a bachelor's degree from Pacific Lutheran University.

Rogers will take over the duties and responsibilities previously held by Carolyn Clark. Clark, a long-time faculty member in the department of economics at Washington State University, directed a transition of the program's lead office from Pullman to the WSU Spokane campus when she took on the role of state director for the SBDC in 1999. Dr. Clark retired February 2005.

The SBDC provides no-charge confidential counseling and low-cost training to current and prospective business owners. It is a cooperative effort between WSU, Western Washington University, community colleges, economic development organizations and the U.S. Small Business Administration.

The Washington Small Business Development Centers is celebrating its 25th year of providing professional management, technical assistance, and training to thousands of the state's small business clients.

For more information on the mission and services of the SBDC visit the Network website at <http://www.wsbdc.org>.



Post Falls SBDC Hires New Director

John Overby is the new Director of the Region 1 Small Business Development Center in Post Falls, Idaho. Overby is a serial entrepreneur and a native of Northern Idaho. He started Advanced Input Systems/Esterline in Coeur d'Alene. He was also a co-founder of Advanced Hardware Architectures/Comtech in Moscow and World Wide Packets in Spokane.

John has served many years on private boards as well as both the U of I Business College and Engineering College advisory boards. He is a member of several Panhandle region chambers of commerce. He holds a B.S.E.E. degree from the University of Idaho.

Sharing his vision for the Post Falls SBDC's future, Overby says, *“John Lynn set a high standard and built a solid reputation for what the SBDC program in Post Falls has to offer to entrepreneurs. I am pleased to follow in his footsteps. I plan to broaden the range of services provided to existing and fast-growing North Idaho businesses as well as enhance the scope of assistance we can offer to manufacturing companies.”*

ASK SPOKANE SBA

Lenders are encouraged to communicate with the Spokane Branch SBA loan officers at any time. Emailed questions about SBA loan programs may appear in future Lender newsletters. Submit questions to Gil at gilbert.acevedo@sba.gov or Coralie at coralie.myers@sba.gov.

Common questions pertaining to Form 912: Statement of Personal History

Q I have an applicant who was arrested and charged with a DUI in 1995.
Do I need a fingerprint card to submit for clearance?

A Fingerprint cards are required for any felony regardless of when the offense occurred.

Q When can the local office clear and/or approve the 912?

A The local office can clear/approve a 912 when the offense is a single Minor offense (such as a misdemeanor) that is remote in time (Remote = More than 10 years prior to date of application). The applicant cannot be on parole or probation.

National 7(a) Lender's Guide:

The guide is posted in an easily searchable format on the Internet via www.sba.gov/banking/lenderguide.html and the SBA intranet OFO web page. It has been formatted so that when there is a reference to the SOP, CFR or a website, the user will be able to click on the reference link and will be taken directly to the reference.

Lenders are encouraged to use the SBA Authorization Wizard for all loans submitted to local offices.

Additional Helpful Web Sites

SBA Information, Policy & Procedure notices

www.sba.gov/banking/indexnotices

Fresno Loan Servicing Center (FCLSC)

www.sba.gov/banking/guide.html

LowDoc & SBAExpress Centers

www.sba.gov/financing/frlowdoc.html

LowDoc & SBAExpress forms

www.sba.gov/banking/enhance.html

SCORE, Counselors to America's Small Business

www.score.org

Idaho State Small Business Development Centers

www.idahosbdc.org

Washington State Small Business Development Centers

www.wsbdc.org

Coleman Report

www.colemanpublishing.com

SBA-Spokane Loan Approvals

Report Period From 10/1/04 Through 2/28/05

<i>#</i>	<i>Amount</i>	<i>Lender</i>	<i>#</i>	<i>Amount</i>	<i>Lender</i>
57	\$1,560,000	Bank of America	2	\$174,300	Firstbank Northwest
26	\$6,163,500	Mountain West Bank	2	\$173,400	Cashmere Valley Bank
24	\$1,035,000	Capital One	1	\$625,000	GE Capital
23	\$1,130,000	Wells Fargo Bank	1	\$600,000	Hanmi Bank
17	\$1,234,500	US Bank	1	\$490,000	Comerica Bank
12	\$1,574,100	Banner Bank	1	\$469,000	Farmers & Merchants Bank
11	\$5,029,000	Northwest Business Dev	1	\$462,000	Business Loan Center LLC
9	\$1,390,000	Zions First National Bank	1	\$308,000	Spokane Teachers Credit
6	\$2,009,500	bankcda	1	\$261,000	North Cascades National
5	\$1,557,000	Evergreen CDC	1	\$247,000	East-Central Idaho
5	\$277,000	Panhandle State Bank	1	\$150,000	Sterling Savings Bank
4	\$3,035,600	Temecula Valley Bank	1	\$120,000	California Bank & Trust
4	\$1,042,000	AmericanWest Bank	1	\$107,000	Community Bank
3	\$363,100	Idaho Independent Bank	1	\$100,000	Hami Bank
3	\$344,715	Global Credit Union	1	\$75,000	Bank of the West
3	\$275,000	Peoples Bank	1	\$53,300	Inland Northwest Bank
3	\$110,000	Columbia Trust Bank	1	\$50,000	Seattle Economic
2	\$950,000	Bank of Whitman	1	\$38,000	Community First Bank
2	\$890,000	CIT Small Business Lending	1	\$30,000	Washington Mutual Bank
2	\$529,500	Twin River National Bank			

242 \$35,032,515