

CURRENT LOAN RATE

The 20-year effective rate for loans sold this month is 5.704 %*

SMALL BUSINESS INCENTIVES FOR GROWTH

President Obama this week signed into law The American Recovery and Reinvestment Act of 2009. This bill, nearly \$800 billion in scope, is aimed to stimulate the economy, turnaround the economic decline, and create jobs. Included in the plethora of programs and initiatives are **unprecedented incentives** for small business lending. Although the funding incentives (\$630 million) are minor in relation to the total funding, the opportunity can be meaningful.

The bill provides **\$375 million in subsidy costs for SBA 504 and 7(a)** loans. The intent is to remove the toll booth to increase traffic. For 504 loans, two fees previously paid for by the small business and the third party lender will be paid instead by the Treasury. The first fee is a one-half of one percent fee based upon the amount of the lender's first mortgage. The second fee is the one and one-half percent fee based upon the SBA 504 loan amount and is paid to WBD for loan origination. These subsidy fees will be available to loans approved on or after February 17, 2009 and will expire at the earlier of September 30, 2010, or when the appropriated funds have been expended.

For SBA 7(a) loans, fees will also be subsidized. The bill provides that the borrower fees will be eliminated and some or all of the lender fees as well. The SBA 7(a) **guarantee fee will increase from 75% to 90%**. The guarantee amount however cannot exceed \$1.5 million, so at a 90% rate the maximum loan amount will be \$1.67 million.

For both SBA 504 and 7(a) loans, the SBA was instructed to issue **implementing regulations**. For instance, Congress did not determine what portion of the \$375 million subsidy would be allocated to 504 and what portion to 7(a). The regulations will also address the amount of lender fees that will be subsidized. The bill provides for lesser fee reductions for lenders with assets over one billion than for those with assets under one billion. We anxiously await these implementing rules.

The other \$255 million appropriated is for a **new lending program** that will provide a 100% SBA guarantee, with the loan proceeds targeted to help small businesses cover principal and interest payments on eligible existing loans. The loan is for up to five years and is capped at \$35,000. The intent of this provision is to help small businesses stay current on their debts during this financially challenging time. This is a new program that will require SBA regulations to implement.

Finally, there are tax incentives that will favor companies expanding in 2009. With these tax incentives and financing incentives, companies that are planning to grow, may choose to do so sooner, with the benefit of helping to move the economy forward.

We will address these provisions in our lending seminars which started this week. The remaining schedule is attached and we welcome your attendance.

Attached is the registration information and we hope you can join us.

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WISCONSIN BUSINESS DEVELOPMENT

FINANCE CORP.

SEMINARS

WBD's 2009 SEMINAR SERIES PROGRAM - CREDIT ENHANCEMENT FOR CHALLENGING TIMES

Each year Wisconsin Business Development offers a series of financing seminars throughout the state to assist our lending partners with strategies and solutions for credit structuring as well as provide an update on current events. Use of credit enhancement programs will be of vital importance to lenders this year, helping to preserve liquidity, reduce lending risk, and assist worthy customers.

We will provide you with structuring examples using credit enhancement programs including the SBA 504 and 7a loans, and will also provide summaries of recent SOP changes, as well as regulatory changes and proposed (perhaps enacted) legislative changes under the stimulus plan. This part will address what you need to know, and what you need to do to take advantage of the benefits these programs provide.

We will also provide guidance on the loan underwriting, approval & closing processes, and will specifically review loan appraisal, valuation and environmental considerations. This part will focus on best practices to keep the lending process a smooth one.

7:30 - 8:00 A.M.	Registration & Continental Breakfast
8:00 - 10:00 A.M.	Addressing challenges facing the banking industry. Credit enhancement programs available to you & your borrowers including SBA loan program updates
10:00 A.M.	Break
10:15 - 11:45 A.M.	Best practices for navigating the SBA loan process

LOCATIONS

Waukesha	Tuesday, Feb 24th	Marriott Milwaukee West	W231 N1600 Corporate Ct, Waukesha, WI 53186
Milwaukee	Wednesday, Feb 25th	UWM School of Cont. Ed.	161 W. Wisconsin Ave., Ste. 6000, Milwaukee, WI 53203
Madison	Wednesday, Mar 4th	Sheraton Madison Hotel	706 John Nolen Dr., Madison, WI 53713
La Crosse	Thursday, Mar 5th	Stoney Creek Inn	3060 S. Kinney Coulee Rd., Onalaska, WI 54650
Hudson	Tuesday, Mar 10th	Kilkarney Hills Golf Course	163 Radio Rd., River Falls, WI 54022
Eau Claire	Wednesday, Mar 11th	Florian Gardens	2340 Lorch Ave., Eau Claire, WI 54701
Wausau	Thursday, Mar 12th	Jefferson Street Inn	201 Jefferson St, Wausau, WI 54403

CONTACT INFORMATION

Attendee Name: _____
Company: _____
Address: _____
City, State & Zip: _____
Phone & Fax Number: _____
Email Address: _____
Seminar Location: _____

WBD COST & INFORMATION

The cost for a seminar is \$25 per attendee. The WBD membership fee is \$100 annually per person. With a WBD membership, you receive one free registration. For more detailed information, contact Brooke Benigni by phone (608) 316-7137 or by email bbenigni@wbd.org. Please mail payments to:

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