

The 20-year effective rate for loans sold this month is 5.605%*

The 10-year effective rate for loans sold this month is 4.602%*

MARCH MADNESS!!

True, my bracket is complete, and I have yet to have one upset, but the Madness I refer to is occurring in the corridors of Congress. Amidst the anger and angst of health care reform, financial regulatory reform, and other reforms, there are several bills sitting on the table that would help small businesses gain access to capital to help save and create jobs.

1. Both the House and Senate have passed two “jobs bills”. The smaller of the two jobs bills - about \$17 billion- will provide tax incentives for hiring and will likely be passed through the Senate and to the President for signature this week.
2. The larger jobs bill- about \$150 billion- will provide for continued unemployment benefits and other program extensions. The Senate and the House have each passed a bill, but have different amounts and provisions. With regard to small business lending, both bills would provide continued funding for fee waivers for 504 and 7a loans and would extend the 90% guarantee position on 7a loans. The House bill aims to extend these provisions until about September 30, 2010, while the Senate bill would extend these provisions until about the end of 2010. These provisions were extended earlier this month, and will expire at the end of this month unless Congress acts. One action would be to pass this jobs bill and provide for extended benefits to year end. Otherwise, Congress will either have to pass an additional extension or see these provisions expire. Although we are optimistic that bi-partisan support for small business initiatives exists, it is hard to predict whether this bill or even an extension will be passed. For this reason we are encouraging all pending applications to move forward as soon as possible and get approved in March.
3. While the jobs bill will provide additional funding to extend the period for federal subsidy of program fees, S2869 and HR4302 will expand the reach of SBA lending. These bills provide for an increase in the lending limits of both 7a and 504 loans to \$5 million. These increased limits will allow for instance borrowers who have reached their SBA lending limit by view of a 504 real estate loan to consider a 7a loan to repackage their shorter term debt. Also, we would expect borrowers who have reached their SBA lending limit to consider a second or third project. With a \$5 million limit we could provide a 40% second mortgage on loans of \$12 million increasing the reach of the 504 support. In addition to the larger size limits, these bills, if signed into law, would allow the use of the 504 structure for the refinancing of existing commercial real estate loans. There is a maturity wall on the horizon for renewal of commercial real estate loans, and the availability of a second mortgage for a portion of the debt will provide a long term-fixed rate solution for small businesses as well as some risk management control for banks. If passed, we expect a very strong demand for this product. We encourage each of our lending partners to do a customer review to prepare a listing of maturities of their commercial real estate loans, as well as other candidates for refinancing in preparedness for the possible approval of this provision this spring (summer?).
4. Every three years Congress is required to pass a “reauthorization bill”, which provides for continued offering of SBA programs for an additional three year period. The current authorization expired and we now operate under an extension, or continuing resolution. The House has passed HR3854 the current reauthorization bill, which also includes many industry requested technical amendments to simplify operations of these programs. The Senate has yet to consider the bill. Actually our authorization expired September 30, 2006, and each year we have had a series of continuing resolutions with the House passing a reauthorization bill and in each year a single Senator has held up its passage in the Senate. It is likely that such a pattern will continue this year as well, but it is still too early to abandon all hope.

So as we pass through March we sincerely hope that the Jobs Bill that will extend fee subsidies until the end of the year will be passed. We also hope that the program expansion bills will move forward. We especially appreciate Congressman Obey's (Wausau) support as the author of the Jobs Bill. We also appreciate Congressman Kagen's (Green Bay) efforts on behalf of the expansion bill. Dr. Kagen is a Co-Sponsor of bill HR4302. He also is the founder and chair of the 55 member Congressional Business Owner's caucus which also is supporting this bill. I will be in Washington again next week and will meet with other members of the Wisconsin delegation . We will keep you informed as these bills proceed.

Joe Wolfe
President

MICHAEL KWIATKOWSKI JOINS WISCONSIN BUSINESS DEVELOPMENT (WBD)

Wisconsin Business Growth Fund is pleased to announce the addition of Michael Kwiatkowski as Vice President and Senior Loan Officer. Mike has over 20 years of experience in the finance industry and brings his New Market Tax Credit (NMTC) experience and relationship building skills to the organization. In this new position, Mike will work with financial institutions and investors using WBD financing programs to meet the needs of growing small businesses. The NMTC program through the US Treasury department is a powerful tool that attracts investment dollars to low income areas adding jobs, building businesses and communities. To contact Mike please email mkwiatkowski@wbd.org or call 262-436- 3016.

2010 SBA LENDER CONFERENCE

Save the date for the 2010 SBA Lender Conference May 20th & 21st at the Kalahari Resort & Conference Center in the Wisconsin Dells. For information, please check out our April @wbd.

2010 WBD SPRING SEMINARS: THANK YOU FOR JOINING US!

In February & March WBD presented 11 seminars throughout the State to over 300 lenders & other interested professionals. The program focused on SBA and other lending programs essential to building the road to recovery. From Onalaska to Oshkosh, Wausau to Waukesha and all points in between, thank you for making this year's seminars series a well-attended success.

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