

# MEMBER BUSINESS UPDATE

INTELLIGENCE FOR FORWARD THINKING BUSINESS LENDERS

JANUARY 2014



## CELEBRATING SMALL BUSINESS GROWTH

The year 2013 is being celebrated as a year of growth in the International Trade Update of the U.S. Commerce Department. Acting Under Secretary of Commerce for International Trade, Ken Hyatt, said in the December Issue, speaking of exports, that in June of 2013 record exports totaling \$191.2 billion were reached. Hyatt then noted that in October, exports beat that record at \$192.7 billion. Exports for January through October 2013 exceeded total exports for all of 2010. He added that the 2013 numbers accounted for nearly 10 million jobs and a total of 300,000 U.S. businesses that are involved in exporting. He concluded this report announcing that of those businesses, 244,000 or 98 % were small or medium-sized businesses.

That report suggests that small business also had a good year in business in 2013. On his recent blog, MBL President Kent Moon said that he is often asked what 2014 holds for small business. His answer is the same each time, "that the basics never change. It takes hard work, long hours and commitment to develop and manage a small business." He likens a small business to marathon runners who know

what they are doing, stay in the race, no matter how exhausting the journey.

### WHAT'S AHEAD IN 2014?

As a small business owner, one needs to adapt to the current market, as last year's products and services may not be this year's. You also need to keep close tabs on the needs and wants of your products and customers, as well as changes in their behavior.

Globalization will become more critical in all facets of the economy. In his blog Moon suggests that small businesses should be examining the global marketplace for opportunities, especially in Europe and the Pacific Rim. He cites used Levis as a good example. They can be sold for three or more times their original purchase price in some countries. Moon also notes that an Apple iPhone that costs \$300 in the U.S. can bring \$1,000 in parts of China. Another Under Secretary of Commerce for International Trade, Francisco Sanchez, said, "Exports create jobs, they fuel the supply train and they support local and state economies."

Moon's blog again suggests

that the local credit union market changes and waits for no one. Consider the automobile loan, once the bread and butter of the credit union portfolio. In recent years credit unions have lost market share to auto manufacturer financing that has the advantage of being at the point of sale, something the consumer sees as a great advantage in the market place.

Moon concludes his blog optimistically, stating the economy and small business will do fine in 2014. For credit unions that are willing to add member business loans to their portfolios and small business owners that are willing to take measured risks, the future looks bright indeed.

### HOLIDAY CLOSURES

January 20 Martin Luther King  
February 17 President's Day

### CURRENT RATES

WSJ PRIME	3.25%
1-Month LIBOR	3.17%
SBA Fixed	5.58%
SBA Peg Rate	3.13%

## PATRIOT LOAN CHANGES

In a memo from the SBA Director in the Office of Financial Services, the SBA announced the termination of the Patriot Express Pilot Loan Initiative, effective December 31, 2013. In that SBA Information Notice from Linda S. Rusche, she stated that no new Patriot Express Loan applications will be accepted after the December 31, 2013 date and that SBA Field Offices will notify 7(a) lenders of this notice and that any questions should be directed to the lender relations specialist at the local SBA Field Office. In the wake of the December 11<sup>th</sup> notice of the termination of new Patriot Express Loans, MBL received notice of a broadened eligibility criteria for the Veterans Advantage Program (SBA Express Loans in the amount of \$350,000 or less). This new criteria will include veterans, service disabled veterans, active duty military service members participating in the military's Transition Assistance Program (TAP), reservists and national guard members or current spouses of any veteran, active duty service member, or any reservist or national guard member, or widowed spouse of a service member who died while in service or of a service-connected disability. The

notice also noted that **the up-front guaranty fee is waived on these loans.**

Further questions should be directed to Lyman Williams, V.P. Risk Administrator Member Business Lending in Salt Lake City.

## MBL CERTIFICATION TO BEGIN

In an earlier newsletter, MBL announced a certification program that will use WebEx presentations to train participants. This month will see the first of twelve training modules presented on WebEx. The initial WebEx will introduce the topic and present a basic understanding of the topic. It will also announce when and where a video that more completely covers the topic can be found and viewed on the internet at a time convenient for you and your staff. A short series of questions will follow the video to let you demonstrate your comprehension. Using both the WebEx and the video training sessions, credit union business lending employees will receive the full and well-rounded material that will enable the credit union to build and manage a meaningful business portfolio and department.

The first WebEx will discuss the function of a Business Development Officer (BDO) and be followed by topics ranging from marketing to using the measurement dashboard tools offered by MBL. That Business Development WebEx will be held Wednesday, January 15, 2014 at 2 PM (MST). Register by contacting Kathy McIff at [kmciff@mblllc.com](mailto:kmciff@mblllc.com).

## TAX VERIFICATION CHANGE

In December of 2013, MBL received notification of a procedural change when requesting copies of IRS tax transcripts to verify business financial information included in SBA loan applications. In a memo from Linda S. Rusche of the Office of Financial Assistance at the SBA, it is noted that effective 12/19/2013 a new request form IRS Form 4506-T replaces the Form 1040 series and Form W-2 and also transcripts associated with Form 1065 and the Form 1120 series.

According to the memo, all SBA7(a) and 504 related requests for IRS tax transcripts must be submitted to IRS Service Centers using the new IRS Form 4506-T. The 4506-T form is available at <http://yes2007.sba.gov/Pages/default.aspx> and at the SBA Banking site <http://www.sba.gov/banking/>. Also, the memo notes that the SBA's logo must be included at the top of the Form 4506-T to ensure that the requests are expedited and that no charge is incurred for the transcripts.

Questions about the Form 4506-T may be directed to Lyman Williams, V.P. Risk Administrator Member Business Lending in Salt Lake City.