



209 E. William, Suite 300  
Wichita, Kansas 67202

# SCKEDD Messenger

January 2007, Issue 1

## Year 2007 Will Bring New Opportunities for Growth

South Central Kansas Economic Development District (SCKEDD) continues to see growth through the packaging, financing and servicing to small businesses in our fourteen county region. We have outpaced prior lending years through the financing and loan packaging to local small businesses and by our expansion of loan programs. In the calendar year ending December 31, 2006, SCKEDD participated in over 78 projects with over \$107 million in dollars loaned. The projects created or retained over 376 needed jobs in our communities. For over 36 years SCKEDD has played an integral part in the success of many businesses in the ever changing retail, service, and manufacturing industries. *We want to take this time to thank all of our partners in making SCKEDD one of the most successful CDCs in the state. "Thank You!" Our partnership brings new opportunities for growth in South Central Kansas.*

## SBA 504 Program

This past year has brought several changes to the 504 Program. First of all, the US Small Business Administration revised the regulation that governs Certified Development Companies (CDCs). All Kansas CDCs can now work anywhere within the State of Kansas. There are no geographical limitations. With our strong rapport and history with local bankers we have steadily grown the 504 portfolio.

Secondly, there was a change in staff members. In March, Thomas Webb left SCKEDD. Sandy Ring took over his position and continued to work other loan programs. Julie Baker was added to our 504 staff in November. She will work with Marge Sherraden, Closing / Servicing Officer, to expedite projects to the point of debenture sale and on servicing issues.

SCKEDD looks forward to a wonderful 2007! Starting with this "SCKEDD Messenger," our first goal is to reach a high percentage of our local lending institutions. Jointly, we will explore lending opportunities that benefit both lenders and their small business clients.

### What is the 504 Loan Program?

The Certified Development Company Loan Program (504 Loan Program) was created in 1980 by the SBA to provide long-term, low down payment, competitively priced capital for growing small businesses. The business expansion program allows eligible business to finance the acquisition of land, building, machinery and equipment with as little as a 10% investment by the business owner. The program is unique because it relies on the collaborative efforts of a private sector lender (typically a bank, thrift or credit union) and the CDC/SBA. The typical 504 Loan structure consists of a 50% senior loan by the private sector lender, a 40% loan from the CDC backed by a 100% guaranteed debenture, and a 10% injection from the small business concern. The CDC loan may have either a 10 or 20-term depending on the nature of the project.

### ELIGIBLE BUSINESSES:

To be eligible, the business must be owner-operated for profit and fall within the size standards set by the SBA. Under the 504 Program, the business qualifies as small if it does not have a tangible net worth in excess of \$7 million and does not have an average net income in excess of \$2.5 million after taxes for the preceding two years. Size standards increase by 25% in Labor Surplus Areas. Loans cannot be made to businesses engaged in speculation or investment in rental real estate.

### CONTACT SCKEDD FOR YOUR LENDING PARTNER TODAY!

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

#### Your SCKEDD 504 Team Consists of:

Sandy Ring, Program Manager

Marge Sherraden, Development Coordinator

Julie Baker, Development Coordinator

Phone—316-262-7035

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Website—[www.sckedd.org](http://www.sckedd.org)



TOPIC for  
Next Issue:  
SBA Changes for 2007

## Monthly Rate Corner

"Effective" 504 Rates based on the most recent Debenture Sale -

10-Year 6.731%

20-Year 6.088%



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## SCKEDD and SBA 7(a) Loans

For many years SCKEDD has assisted small businesses and their local lenders in the packaging and underwriting of SBA 7(a) loans. In September, Rick Rawlings joined SCKEDD to help expand this program.

Rick has many years experience with SBA loans. For many years he worked in the Wichita District Office as a Loan Officer and was also in charge of the then 502 Local Economic Development program. For 13 years he owned and operated a retail hardware store in his home town of Augusta. He later started making SBA loans as a commercial lender, and now he is packaging loans and assisting small businesses in putting together a viable loan application. His goal is to present a package to the lender and the SBA that will answer the necessary questions before they are asked.

As time has gone on, the SBA application has become a bit more complicated. Now with the processing of all 7(a) loans being moved to California, it will be important to use someone that has experience in all sides of the business equation to put together an SBA loan application.

Centralized Processing of 7(a)s means that our local lending community will be losing the personal contacts with the local SBA District Office folks that we have enjoyed for many years. Our early review of the new instructions on how to structure and complete an SBA application suggests that the Agency is going to follow their SOPs very closely and that they have added some new provisions.

Rick can help you with the preparation of an application package. You can turn the process over to him, and he will take it from there. Just about all you will have to do is sign the Form 41. Give him a call at 316-262-7035 / (800-326-8353). His email address is [rick@sckedd.org](mailto:rick@sckedd.org). He will be happy to visit with you about possible applications.

### Your SCKEDD 7(a) Team Consists of:

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*Julie Baker, Development Coordinator*

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## Date for Transferring 7(a) Processing to California

The Wichita District Office is scheduled to transfer the processing of 7(a) loans to California on January 29<sup>th</sup>. The last day they will be able to accept 7(a) applications is Friday, January 26, 2007.

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

SCKEDD

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