

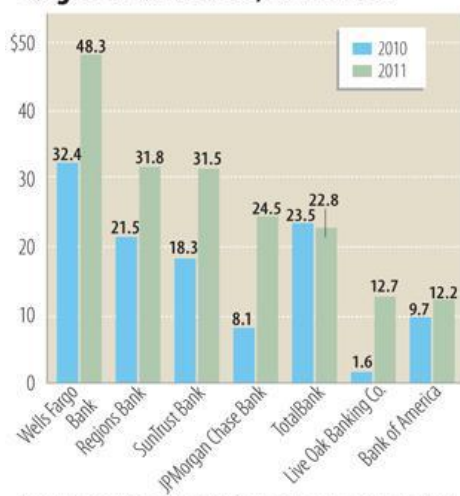
Local SBA lending climbs

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By Brian Bandell

Jarett Reinhartz thought his story of strong sales growth at Advanced Footcare would interest banks, but his requests for a loan to expand fell of deaf ears. So Advanced Footcare turned to the U.S. Small Business Administration. The company received a \$1.8 million SBA-backed loan with participation from GulfCoast Business Finance CDC and Biz Capital Bidco II that allowed it to build a 5,100-square-foot facility in Aventura. It has four podiatric treatment rooms and more manufacturing space for shoe inserts.

Largest SBA lenders, in millions



Source: U.S. Small Business Administration for 12 months ended Sept. 30 with combined 504 and 7(a) loans in South Florida

“It’s the start of something we anticipate will grow rapidly,” Reinhartz said. “We couldn’t have done it without the SBA.” The SBA is coming off a record year for nationwide lending volume, and its South Florida numbers are impressive, as well. There were \$347 million in SBA-backed loans made in the tri-county area for the fiscal year ended Sept. 30, up from \$262.5 million the year before. The SBA-backed 7(a) loans, often used for business acquisition, increased to \$248.1 million from \$153 million. That overshadowed the decline in SBA-backed 504 loans, often used for long-term refinancing in underserved communities, to \$98.9 million from \$109.5 million. All the more impressive is the increase came despite the benefits from the federal stimulus program, which reduced SBA fees and boosted the loan guarantee, which expires in January.

SBA Administrator Karen Mills said the American Recovery and Reinvestment Act of 2009 helped them bring 1,200 banks back to SBA lending, and many of them stayed in the program after the bonuses expired.

“We are providing the kind of credit support that is allowing banks to get back in the business of helping small businesses,” she said. The increase in SBA-backed lending comes as federal data shows small business lending in South Florida as a whole is nearly flat. SBA-backed loans comprise a bigger percentage of overall

commercial lending than in the past, said Jose Sanchez, area manager of business banking in Southeast Florida for Wells Fargo Bank. It was the largest SBA-backed lender in South Florida in fiscal 2011, with \$48.3 million, up 49 percent from the prior year. Regions Bank, JPMorgan Chase Bank, SunTrust Bank and Live Oak Banking Co. also had strong growth in the region.

Borrowers like SBA loans because they don’t require large down payments, so they can preserve their cash, said Hakim Kassam, regional sales manager for SBA loans in Florida at Wells Fargo. Its recent loans included an office condo in Miami, a hair salon acquisition in Broward County and a startup franchise in Palm Beach County. Wells Fargo increased its SBA representatives on the East Coast to 73 today from seven in 2008, Kassam added. Saying that the emphasis on small business financing will continue, Mills pointed to the September agreement with 13 major lenders to increase small business lending by a collective \$20 billion over the next three years. Meanwhile, Mills was touting President Barack Obama’s proposal to cut payroll taxes as another way to help small businesses create jobs. The plan, which would cut the 6.2 percent payroll tax in half until 2013, is part of the president’s \$447 billion jobs plan to Congress. Mills said the tax savings would result in companies boosting hiring and marketing.

<http://www.bizjournals.com/southflorida/print-edition/2011/10/28/local-sba-lending-climbs.html>