

Newsline

A Monthly Newsletter from the San Diego District Office

U.S. Small Business Administration
SBA
Your Small Business Resource

Volume 4 Issue 2

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Training Calendar

A list of events from SBA and our resource partners may be found at www.sba.gov/ca/sandiego under Training Calendar.

[Nov. 9 – Marketing for Business Owners](#) presented by the NCSBDC in Oceanside, CA.

[Nov. 15 – IRS Tax Workshop](#) presented by the SBDITC in National City, CA.

[Nov. 16 - Women's Breakfast-Prospect Marketing](#) presented by SCORE in San Diego, CA.

[Nov. 27 - Successful Strategies for Exporting](#) presented by the IVSBDC in El Centro, CA.

Inside this Issue:

Fire Recovery Assistance in Pics 2

SBA steps up to plate for county fire victims 60-member team taking loan requests from property owners



SCOTT LINNETT / Union - Tribune

Bob Buchholz and Steven Preston (center) of the SBA looked at photographs of wildfire damage on a digital camera at the agency's booth in Rancho Bernardo.

By Keith Darcé
UNION—TRIBUNE STAFF
WRITER

October 27, 2007

Determined to avoid mistakes that kept Hurricane Katrina victims waiting months for government-sponsored loans to rebuild, the U.S. Small Business Administration has a team of 60 representatives in San Diego County to take applications from people who suffered property losses in this week's wildfires.

An SBA representative visited Mark Davis' burned-out home on Aguamiel Road in Rancho Bernardo yesterday morning, less than a day after the architect applied for

a low-interest loan at the nearby disaster assistance center inside the Rancho Bernardo Glassman Recreation Center.

Davis said he hasn't decided whether to take out an SBA loan or tap his savings if his homeowners insurance policy doesn't cover his losses.

"I would prefer not to get more debt, but I'd like to avoid dipping into what we've put aside for retirement," said Davis, who had lived in the four-bedroom hillside home with his family for 28 years. |

With credit access tightening in response to the subprime mortgage crisis, the SBA's disaster loan program, offering 30-year, fixed inter-

est rates well below market levels, could prove critical to recovery for many wildfire victims.

The program is different from the Federal Emergency Management Agency's disaster assistance program, which provides grants to victims to cover temporary living expenses. The grants don't have to be repaid.

Despite the SBA's name, most of its disaster loans end up in homeowners' pockets. After the Cedar fire in 2003, most of the 1,700 loans issued by the agency in San Diego County went toward repairing or replacing residential structures, SBA spokesman Richard Jenkins said.

See *SBA steps up* on Page 2

Fire Recovery Assistance



Alfred E. Judd, Director, SBA Disaster Assistance-West, and Steven Preston, SBA National Administrator with members of the SBA Disaster Assistance Team at Cuyamaca College Center.



SBA Disaster Assistance Team and Cuyamaca College Disaster Center.



Bruce Thompson, SBA Region 9 Administrator, and Steven Preston, SBA National Administrator, speaking with SBA Disaster Assistance team members.



L to R - Steven Preston, SBA National Administrator; Ruben Barrales, President & CEO, San Diego Regional Chamber of Commerce and Kevin Darce, Staff Writer, Union-Tribune at Rancho Bernardo Center.



Picture of home in Rancho Bernardo that was completely destroyed by the Witch Fire Storm.



L to R - Marty Keller, Governor's Small Business Advocate; Kevin Darce, Staff Writer, Union-Tribune; Steven Preston, SBA National Administrator; Anthony Vigil, SBA San Diego Deputy District Director- at fire damaged site.

SBA steps up

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The loans were worth \$180 million.

Since fewer structures burned in this week's blazes – 1,458 as of last night – the agency is expecting to write a smaller number of loans for county residents than it did four years ago, he said.

Homeowners who qualify for the lending program can borrow up to \$200,000 at a fixed rate of 2.937 percent to repair or replace their homes and up to \$40,000 to replace personal property, such as appliances and furniture.

Fixed-rate, 30-year mortgages in California range from 5.5 percent to 6.625 percent, according to Loan.com, a Web-based service that compares terms of major lenders.

The loans are meant to replace losses not covered by insurance or other aid.

Businesses that qualify for the SBA program can borrow up to \$1.5 million at a fixed rate of 4 percent to rebuild or repair fire damage. Low-interest, working-capital loans also are available to help businesses remain solvent while recovering from the fires.

To receive a disaster loan, applicants must have an acceptable credit history and a dependable stream of income large enough to cover monthly payments, which begin five months after the financing is delivered. The loan money is delivered in increments based on the progress of construction.

The loans could be ideal for fire victims who don't

have savings to tap for repairs or would take a big tax hit for liquidating stock investments, said Jon Beyrer, a certified financial planner from Solana Beach and spokesman for the Financial Planning Association of San Diego.

On the other hand, people who already are saddled with expensive mortgages might have a tough time absorbing the cost of additional debt, he said.

SBA Administrator Steven Preston pitched the loans to wildfire victims yesterday morning as he toured the devastated Westwood area of Rancho Bernardo and visited the agency's loan application booth at the disaster assistance center.

Preston walked across the charred rubble of several houses at Duenda Road and Lutz Place. In most cases, little was left besides concrete slabs, brick chimneys and piles of ash.

"The destruction of these homes is complete and total," he said. "You can almost envision family activities in these footprints."

Preston said the SBA should be able to process most loan applications within two weeks, and loan recipients should get their first payment shortly after completing closing documents and returning the paperwork to the SBA.

That wasn't the case after Katrina.

Four months after the hurricane slammed into New Orleans and the coastline of Mississippi, leaving behind



SCOTT LINNETT / Union - Tribune

SBA Administrator Preston (left) and regional administrator Bruce Thompson toured the charred remains of a home in Rancho Bernardo's Westwood neighborhood. More than 270 Westwood homes burned. The SBA makes low-interest loans to cover property damage not insured.

catastrophic flooding and wind damage, the SBA had a backlog of 204,000 loan applications from storm victims, according to a report issued early this year by the federal Government Accountability Office.

The GAO faulted the agency for failing to plan for large-scale disaster, not having enough adequately trained staffers to handle the flood of loan applications that followed the storm, and depending on a computer system that didn't have enough capacity to process the loan requests rapidly.

Since Katrina, the agency has developed a new detailed disaster recovery plan, increased its staffers trained in disaster lending from about 800 workers to 4,300 and quadrupled the loan-processing capacity of its computer system.

"We are a totally different agency than we were two years ago," said Preston, who was sworn into office in July

2006, nearly a year after Katrina struck.

SBA spokesman Jenkins said the agency has more than enough resources to handle the workload that will result from this week's wildfires in Southern California.

"We're ready," he said. "I think people are going to be very pleased with how quickly we respond."

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The U. S. Small Business Administration was created in 1953 to maintain and strengthen the nation's economy by aiding, counseling, assisting, and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

SBA's San Diego District Office is your small business resource for access to capital, counseling services, training, and government contracting opportunities, to help start or grow a small business in San Diego and Imperial counties. Our programs and services are delivered through participating lenders and our resource partners, SCORE: Counselors to America's Small Businesses and Small Business Development Centers.

Newsline is produced by the U. S. Small Business Administration's San Diego District Office. Subscribe to Newsline by registering online at web.sba.gov/list. Look for San Diego News.

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