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## Capital Finance

# Outstanding Benefits through SBA Loans



*How Financial Institutions can  
significantly increase profits and  
customer satisfaction at the same time.*

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# Outstanding Benefits through SBA Loans

## Executive Summary

*Capital provides U.S. Small Businesses Administration (SBA) loan programs for financial institutions. We increase customer services, increase customer satisfaction, and generate significant additional income / capital for the participating institution. Using our out-sourced SBA lending department, you can provide your customers a wide range of small business loans, without additional staff or operating costs.*

## Customer Benefits

**Enhanced Customer Business Loan Programs** – Using our program, you can provide your customers with a wide range of U.S. Small Business Administration loan programs. You can augment your current business loan program with attractive alternatives to enhance your own services. Your customers can use these programs to start new businesses in your community, fund the purchase of real estate in your community, and provide new jobs in your community.

**SBA Programs** - There's an array of programs aimed at getting your customers the capital they need to start or expand their small business. Last year, more than \$50 million in SBA loans were being provided per day to U.S. small businesses. The small business owner can get funds, backed by a guarantee from the SBA. Loans are typically used for working capital, asset purchases (including business use real estate) and leasehold improvements. Typical loan terms range from seven to twenty-five years.

**New Customers** – The program will attract new customers to your institution. Newly established or expanded businesses can also be a source of new customers. Expanding the range of services you provide, gives you a competitive edge over other institutions that may not offer comparable services. The program also creates numerous cross-selling opportunities for deposit and other customer services.

**Customer Satisfaction** – Certainly not the least of your considerations is the customer satisfaction and goodwill you gain by offering SBA loans. In many cases, an SBA guaranty allows you to provide your customer with a better interest rate and loan terms than might otherwise be available and all the benefits accrue to your local community, your customers and you.

## Institution Benefits

**Income** – You earn very substantial non-interest income on the sale of the guaranteed portion of your loan. This secondary market is well-established and behaves in the same way as if your institution were selling Treasury securities from your bond portfolio.

**Reduce Risk** – Since most of your loan is guaranteed by the U.S. Government, the credit risk you take when making an SBA guaranteed loan is much lower than that of a conventional loan of similar size. You can reduce your credit risk, or assist customers you would not normally consider.

**Liquidity** - Because it is so easy to sell the guaranteed portion of your loan, you can lend the same dollars over and over again; each time earning a “gain on sale.” You never run the risk of “running out of money” because of your SBA loan program.

**Increased Net Interest Margin** – A small portion of each loan remains in your portfolio. This unguaranteed portion can have an interest yield of up to 25%, depending on the specific loan variables.

**Flexibility** – You always have the option to sell or not to sell your loans. Depending on your loan-to-deposit ratio; you can hold the loans in your portfolio when loan demand is weak or sell them when loan demand is strong.

## About Capital Finance

**Experience and Integrity** – Our programs are managed by people with a long track record of success in this field, as well as, integrity demonstrated through strong, long-standing relationships with many of your peers.

**No Learning Curve** – Your institution quickly enters the market with all the skills and experience as though it had been offering SBA loans for years. Our program manager has more than 30 years’ experience in commercial lending and over 20 years’ experience making SBA loans as a direct lender and as a consultant for other depository institutions just like yours.

**No Additional Costs** – When using our program, there is no need to add employees, salaries, fringe benefits or other personnel expenses or headaches. There is no need for extra office space, purchasing office furniture or adding additional telephone lines.

## Capital’s Programs

**The Maximizer** – Under this program, your institution earns large fees while performing very little work. We take the initial call from your customer and pre-qualify

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that customer for eligibility under SBA rules. We answer any questions the customers or your staff may have regarding this type of financing. If eligible, we prepare the loan package using SBA forms and procedures. Once you approve the credit, we send the completed package to the appropriate SBA Regional Office for their approval. When SBA approves your customer's loan, we document the loan and you fund the loan. When you are ready, we sell the loan at the best available price and your company records the "gain on sale" while continuing to earn very attractive yields on the unsold portion.

**Referral** – With the referral program you can serve your customers, build goodwill, support community development and earn fees with absolutely no work. Either call us with your customer's name and telephone number or have them call us direct. We do everything else. When the customer's loan is funded, you earn a referral fee. While the Referral Program fees are substantially less than our Maximizer Program, you are only making one telephone call that is greatly assisting your customer.

**Consulting Program** – If you choose, we will consult for your institution on any aspect of establishing, marketing, or operating your own in-house SBA lending program from soliciting prospects to selling fully funded loans in the secondary market for a fixed hourly fee.

## Key Personnel

**Steven I. Fried, Managing Director** – These programs are under the direction of Steven I. Fried who will also be responsible for customer pre-qualification and preliminary underwriting. Mr. Fried is a native of New Jersey. After graduating with a B. A. degree in Economics and Business Administration from Rutgers University, Mr. Fried attended the Bernard M. Baruch School of C.U.N.Y., majoring in Finance and Investments. In 1968 he joined the Bankers Trust Company, 16 Wall Street, New York, as a management trainee rising quickly through the ranks until 1974, when he joined Union Bank, Los Angeles, in their Regional Head Office as a Vice President and Team Leader.

Beginning in 1979, he entered the field of Independent Banking, specializing in rehabilitating troubled banks of from \$11 million to \$425 million in asset size. He has been the President and Chief Executive Officer of three different independent banks. In this context, he joined Western United National Bank as a management consultant during May, 1987. Mr. Fried purchased the controlling stock interest in Western United National Bank in 1988 and became the bank's President and Chief Executive Officer and major shareholder. He has spoken before numerous industry, consumer and banking groups on the subject of business finance. His expertise in assisting businesses with their financial needs has earned him guest appearances on the Bill Handel Show (KFI Radio), "Tax Loopholes-The Radio Show" (KPSI Radio) and the Chuck Ashman Show (KBLA Radio). He has spoken before various Chambers of Commerce on financing businesses, testified before the Securities and Exchange Commission on enhancing capital formation for businesses and, in 1992, was named the Financial Services Advocate of the Year by the U.S. Small Business Administration (SBA).

In 1991 Mr. Fried was appointed Chairman of Region 8 (California and Hawaii) of the Independent Bankers Association of America Political Action Committee and in December, 1992 he was named President of the California Independent Bankers Association, the state association representing 260 banks across the state of California.

**Mr. Fried is the sole owner of Capital Finance, a commercial finance and financial consulting concern established in 1987, providing Small Business Administration loans, commercial finance, factoring, equipment leasing, real estate finance and consulting services to the business, financial and legal community. He is an active advocate of sophisticated financial services for businesses at an affordable cost.**

**Sandra M. Harper, Vice President – Mrs. Harper is responsible for all loan packaging functions beginning with final credit approval; Sandra interfaces with approved applicants for the completion of all SBA/Lender required forms and assembling those forms in the proper format for submission to the SBA.**

**Tay Fried, Vice President – Mrs. Fried is responsible for all monthly investor servicing and reporting functions. After graduating with a B.S. Degree from Long Beach State University in 1971, Mrs. Fried went into the field of banking. During more than 20 years in banking; Tay moved up the ranks of banking operations, serving as the Chief Financial Officer of several institutions, Senior Credit Officer and, ultimately, as the Chief Executive Officer of Coast Bank where she was responsible for all activities of the bank and more than 100 employees. She was responsible for the data processing conversion of a \$500 million conglomerate, has consulted for independent banks and been appointed to the advisory board of Long Beach State University School of Business. She founded a software company which wrote and leased a software program specifically to do accounting for SBA loans to numerous financial institutions.**

*To sign up for one of our programs or to get more information, we invite you to call your contact from Capital or Steven Fried at (760) 776-5749.*