

360°

A NEW PERSPECTIVE ON BANKING,
BUSINESS, AND YOUR MONEY
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FROM THE CORNER OFFICE

Building Bridges: Making an Effort, Every Day



"If you would get ahead, be a bridge." ~ Welsh Proverb

nothing, and we never truly know the ripple effect that one small act may have on someone less fortunate. It reminds me of the movie, "Pay It Forward," starring Kevin Spacey and Helen Hunt, where a young boy (Haley Joel Osment) tries to make the world a better place. When asked how his kindness can be repaid, Osment tells the person to do something nice for the next person ("pay it forward") and that person will do the same, creating a "snowball" effect of goodwill. We can make the world a better place, one person—and one action—at a time. We have the power and opportunity to build bridges every day.

At Circle Bank we envision ourselves as a bridge that connects businesses and people to the financial opportunities that are available. Just as the Golden Gate Bridge provides a vital link between San Francisco and the rest of California, Circle Bank provides a financial conduit or highway that allows our clients to reach goals that might exist beyond their neighborhood.

We aspire to "be a bridge" on a daily basis. Whether it's volunteering our time at a local non-profit or nominating a customer for a local business honor, creating new lending opportunities for our customers, or expanding our branch network to make banking more convenient for our clients, we believe that our daily efforts build strength in our economy and in our communities.

I found more inspiration about the importance of building bridges and reaching out to others in the last two stanzas of "The Mighty Task is Done," the stirring poem by Joseph P. Strauss, Chief Engineer of the Golden Gate Bridge and Highway District. When he says, "An honored cause and nobly fought... Now glorifies their deed," I believe Strauss was talking about more than just constructing the Golden Gate Bridge. He was talking about the impact and importance of the causes we take on every day.

So as you travel around this summer, taking in the breathtaking beauty of our bay and perhaps even crossing our majestic bridges, ask yourself: "How can I be a bridge in someone's life today?"

Have a fun, relaxing summer!

Kim Kaselionis
CEO/president

Many of us have heard our parents say, "Build bridges, not barriers." Little did we realize, back then, that building bridges is the underlying foundation to building strong communities, healthy and productive lives. And this effective habit takes very little effort. Think back in your life about the bridges you have built that have had a positive impact on the lives of others... whether it's volunteering as a youth athletic coach, collecting food for your local food bank or smiling and saying "hello" to the person standing on the corner.

I believe that something as simple as "being nice" is one of the many bridges we can build on a daily basis. It costs

The Mighty Task is Done

At last the mighty task is done;
Resplendent in the western sun.
The Bridge looms mountain high;
Its titan piers grip ocean floor,
Its great steel arms link shore with shore,
Its towers pierce the sky.

On its broad decks in rightful pride,
The world in swift parade shall ride,
Throughout all time to be;
Beneath, fleet ships from every port,
Vast landlocked bay, historic fort,
And dwarfing all—the sea.

To north, the Redwood Empire's gates;
'To south, a happy playground waits,
In Rapturous appeal;
Here nature, free since time began,
Yields to the restless moods of man,
Accepts his bonds of steel.

Launched midst a thousand hopes and fears,
Damned by a thousand hostile sneers,
Yet ne'er its course was stayed,
But ask of those who met the foe,
Who stood alone when faith was low,
Ask them the price they paid.

Ask of the steel, each strut and wire,
Ask of the searching, purging fire,
That marked their natal hour;
Ask of the mind, the hand, the heart,
Ask of each single, stalwart part,
What gave it force and power.

An Honored cause and nobly fought,
And that which they so bravely wrought,
Now glorifies their deed,
No selfish urge shall stain its life,
Nor envy, greed, intrigue, nor strife,
Nor false, ignoble creed.

High overhead its lights shall gleam,
Far, far below life's restless stream,
Unceasingly shall flow;
For this was spun its lithe fine form,
To fear not war, nor time, nor storm,
For Fate had meant it so.

*Written by Joseph P. Strauss, Chief Engineer,
Golden Gate Bridge and Highway District,
upon completion of the Golden Gate Bridge
in May, 1937.*

FEATURE

Bridge to Success:

How Community Banks Boost Small Businesses

By Gini David

Amidst the cotton candy and carnival rides, the 2011 Marin County Fair will launch a year-long celebration of the 75th anniversary of the Golden Gate Bridge. Although the iconic bridge celebrates its birthday on May 27, 2012, fairgoers will be treated to a head start on the fun with spectacular exhibits, events, and a video contest. Today, it's impossible to imagine the Bay Area without the Golden Gate Bridge... to consider a time when the beautiful landmark didn't span the shimmering bay, linking San Francisco to the redwoods, vineyards, and mountains of Northern California.

Community Banks Bridge the Funding Gap

As anyone who lives in the Bay Area can attest, bridges are critical conduits to our economy—as are community banks. In fact, community banks have often provided small businesses with a bridge to success, filling the lending gap during the economic downturn. In the last two years, small business lending at community banks grew at a faster clip than from larger institutions. This is good news for small businesses that create nearly 65% of all new jobs.

According to Christine Barry, research director at Aite Group, a Boston financial services consultancy, "Community banks are focusing more attention on small businesses than before, and deploying the right solutions to serve these customers."

Unlike larger banks that may apply a "one-size-fits-all" criteria to lending—sometimes without meeting potential borrowers—community banks tend to be more personal and willing to meet with small business owners. Also, community bank loan officers often have a more intimate knowledge of the local economy, and take a hands-on approach to working with entrepreneurs.

At the recent Independent Community Bankers of America's national convention in San Diego, Federal Reserve chairman Ben Bernanke said, "Despite some of the worst economic conditions since the Great Depression, community banks have already been doing their part to meet the credit needs of their small business customers. We found that while small business lending contracted overall from mid-2008 through 2010, a majority of the smallest banks—those with assets of \$250 million or less—actually increased their small business lending during this period."

The SBA's Vital Link to Small Businesses

For community banks, a key financial partner is the Small Business Administration (SBA), which provides easily accessible government guaranteed loan programs for small businesses. According to the American Bankers Association, "The SBA's loan programs are critical tools in helping banks provide funding to their small business customers. Without these loan guarantee programs, many would not obtain the necessary capital to establish or grow their businesses."

Karen Mills, the SBA's Administration chief, recently told the Wall Street Journal, "Two years ago, small businesses were saying 'I need a loan because I'm worried about my business.' Today

they're saying 'I need a loan because I want to expand, buy that new equipment, and hire that next person.' It's not government that creates jobs, it's small business."

But Mills says there are still gaps in small business lending. "We've rolled out two SBA programs to fill those gaps. The first is Small Loan Advantage, which streamlines the paperwork for the borrower and the bank. The second is Community Advantage, where we're opening our highly successful SBA 7(a) program to reach underserved communities." (To learn about Circle Bank's SBA loans, contact Michael Rice at 415.898.5400.)

Circle Bank: Building Bridges to Dreams

When larger banks were cutting back their lending programs, Circle Bank saw an opportunity to help small businesses by bolstering its SBA program. As a preferred SBA lender, the Bank makes 33% of all its loans under the SBA program, helping fund small businesses with working capital to expand, grow, and create jobs. In fact, in 2010 Circle Bank was recognized for providing more SBA loans than any local bank in the Bay Area, second only to a large national bank.

According to Becca Hood, our VP/manager of loan client services, businesses need the flexibility of a community bank. "Circle Bank has been able to help a lot of well-established businesses with strong management who may have had an off year, but

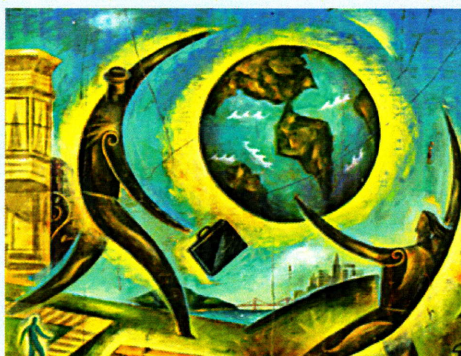
are back on track. Some large banks might drop these clients or put them in a special assets group with more restrictions. But we look at the overall picture—historical performance, plans for the future, and well-qualified management. Because we can be flexible, we have been able to help these businesses prepare for a strong future."

And Circle Bank is reaching out to special entrepreneurs. Under the Women's Initiative grant program, the Bank committed \$100,000 to graduates from the Women's Initiative training program. The program provides loans to fund start-up or expansion costs like licenses, computers, delivery vehicles, and new hires. This year, initial loans were made to Victoria Bianchi, owner of Biscotti di Bianchi, which creates and sells gourmet biscotti, and Laura Clymer, founder of Runway Junkie, an online auction site for gently-used designer clothing.

The Bank also offers several green loan programs, including the Green Fund Loan Program for businesses that integrate green practices, or promote eco-friendly products and services. Plus, two green SBA guaranteed programs—Pollution Reduction Loans and the Express Energy Efficiency Loans—are available for businesses that want to reduce or abate air, water, and noise pollution, or control energy usage. In 2010 the Bank funded \$300,000 in Green Fund loans and \$6,169,750 in Energy Efficiency loans.

As the economy recovers, many experts predict it will be America's small businesses—supported, in part, by community banks like Circle Bank—that will create the jobs, grow the economy, and build the real bridges to our future!

Sources: www.marinfair.org, www.smallbusiness.yahoo.com, www.icba.com and www.wsj.com





BUSINESS ADVICE FROM BECCA HOOD

A Line of Credit or a Term Loan? That is the Question.

Becca Hood

VP/Manager of Loan Client Services

There's always a cost to borrowing. In order to direct more of your hard-earned income toward profits, you'll want to reduce your borrowing costs as much as possible. To do that, you need to decide which loan type best fits your business needs.

Term loans are designed to help a business reduce the total cost of borrowing and are repaid over a specific term. By making monthly payments of principal and interest, the total cost of borrowing over the life of the loan is less than if you used a line of credit for the same purpose. For example, if a line of credit is used for a term loan purpose (see below), you could be making interest payments over a period of years and you would still owe the full amount that you had originally borrowed.

On the other hand, **a line of credit is designed to help you save on the cost of**

borrowing while meeting your short-term cash flow needs. Lines of credit are typically for a term of 12 months or less, at interest only. If a business purchases inventory (assets) using a line of credit, they will save money by paying **interest only on the amount of funds they use** and by repaying the principal as operating assets or inventory are sold.

To determine the best loan type for your situation, first consider the purpose and the big picture plan for your business.

A term loan is usually used to:

- Purchase assets that you will depreciate over more than a year, like equipment, commercial real estate, and fixtures.
- Finance permanent working capital, or make an investment in your business that will have a permanent effect on your operation. Examples might be developing a new advertising campaign; hiring employees to increase revenues; moving

to a new facility, etc.

• Pay for tenant improvements, like renovations or remodeling, major repairs, or maintenance of the business property. This also includes repairs as a part of your lease agreement or property ownership.

A line of credit is typically used to:

- Purchase assets (inventory and/or raw materials) that have a useful life of less than one year. The expectation is that these business assets would be used to generate revenues within a short period of time, usually less than one year.
- Fund working capital for seasonal operations, such as a retail business that orders inventory to be sold over a number of months, or a manufacturing business that purchases raw materials which are assembled into an end product and sold.
- Temporarily finance account receivables for service businesses that provide a service, bill their clients, and expect payment in the future. This includes doctors and dentists that bill insurance companies for services rendered and may have to wait for reimbursement.

If you would like to talk about applying for a business loan, contact me at 415.493.3134.



IN THE BRANCHES

Celebrating Our New Corte Madera Branch

Erick Kostuchek

Senior Vice President of Branch Administration

With lots of photos, fun, and celebration, Circle Bank opened its newest branch in the Corte Madera Town Center. We kicked off the festivities with a VIP party and tour of our largest, most modern branch to date. Nearby Il Fornaio Restaurant catered the event and it was the perfect way to mingle with the local businesses.

A few weeks later, we held our Grand Opening for our new friends from the community. That was a fun, family-oriented event, with activities for the kids, Aztec dancers, and a mariachi band that featured Jacqueline Contreras, one of our customer service representatives from our Santa Rosa branch who is also a talented singer. Homeward Bound's Fresh Starts Catering provided the south-of-the-border fare. And the pisco sours served by Clear Grape LLC were a hit, too!



The Corte Madera branch is a "high-tech, high-touch" venue with some technological upgrades. For example, in the state-of-the-art Media Center, customers can surf the Web using built-in iPads. Our two big conference rooms are fully wired for audio/video presentations. Plus, our kids' area is actually an entire room where the kids can play while their parents bank. Raymond Quan, our Corte Madera branch manager, tells me that every customer who comes in to the Bank says, "Wow, this isn't like any bank I've seen before." And the employees are feeling good about working in such a nice and modern space, too.

Corte Madera is a vibrant, close-knit community, and we're looking forward to being a long-time community partner here. **For information on our banking services, call me at 415.493.3109.**



SPOTLIGHT CLIENT

Jack Cruz: Great Design Starts with Communication

For people who love beautiful design, Old Town Kitchen and Bath is a candy store of visual treats. The showroom's unique Dutch half-door hints at the creativity within. Up front, a kitchen display delights the eye with its mix of painted cabinets in cottage colors and gleaming woods. In the next room, an Asian-influenced display sets a different, modern mood. The narrow but cozy showroom also displays hardware, painted tiles, and photographs of the designer's work to stimulate the creative juices.

Owner and designer Jack Cruz opened his showroom in downtown Novato five years ago, saying, "I love the Novato community, and love working here. I have some wonderful clients in Marin."

For more than 30 years, he has been designing kitchens, baths, and living spaces in Marin, and garnered a reputation for doing high-end design. "Most of the designs in my showroom are charming, affordable kitchens, not the grandiose kitchens I used to do several years ago."

According to Jack, listening is key to satisfying clients and delivering good design. "I work closely with my clients to help them visualize what things will look like and to achieve their dream, all within their budget," says Jack. "I design to please my clients, not myself. If my client is on a tight budget, I encourage them to get involved in their project, to keep costs down."

Communicating clearly with clients and listening carefully saves time and money, notes Jack. "If you get half-way through the construction, and it's not what the client wanted, it's a waste of time for everybody, a no-win situation." After three decades in the design business, Jack has refined the process.

"The first thing I do is interview my clients and ask, 'What do you want, what are your expectations, what's your desired outcome?' Once I know what someone wants to do, I ask, 'What's your budget?' After all, the budget is the most important issue and it's my responsibility to keep the project within budget. No one likes surprises."

Jack is realistic about design costs. "In this economy, one has to be really creative. I used to work with very high kitchen budgets, but no more. Now, a \$50,000 kitchen budget terrifies most people. But Jack stresses that the design process doesn't have to be scary or expensive. With any remodel, we can provide turnkey service, from start to finish, or I can work with my client's contractors in any capacity."

Knowing, understanding, and meeting your clients' needs are central to Jack's success. He thinks Circle Bank shares

that philosophy. "The economy is so unpredictable at this time, but Circle Bank has been very helpful."

Jack likes the Bank's personal touch, too. "I used to bank with a large bank that became more and more impersonal. When Circle Bank opened, I moved my accounts there," he says. "When I walk in, it feels like I'm part of the family. Everyone there knows you by name—that's amazing. And where else can you get a homemade cookie where you bank? And yesterday, they had lemonade with their cookies!"



Jack Cruz, owner and designer of Old Town Kitchen & Bath.

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CROSSWORD PUZZLE ANSWERS FROM THE BACK COVER ~

Down: 1. retire, 2. tax, 3. check, 5. assets, 6. debt. Across: 3. currency, 4. earnings, 7. deductible, 8. bonds