U.S. Small Business Administration

Programs and Services
U.S. Small Business Administration

• Established in 1953
• Independent federal government agency
• District and branch offices nationwide
• Website: www.sba.gov
Major Assistance Areas

“3Cs and a D”:  
• Capital  
• Counseling/Training  
• Contracting Assistance  
• Disaster Assistance
Capital Access

- **NO** DIRECT LOANS or GRANTS for general business start up and expansion!!!

- SBA’s role—Guarantees private commercial loans

- Benefits of SBA loan guaranty:
  - Decreased lender risk/increase chances for approval
  - Fully amortized loan (no balloon payments)
  - Lower monthly payments with longer repayment term
  - Lower equity injection requirement
7(a) Loan Program--General Purpose Business Loan Program

- Use of Proceeds
  - Working capital
  - Machinery and equipment
  - Inventory
  - Building and land
  - Refinancing of business debt*
  - Change of ownership or business purchase*

*Under certain conditions
7(a) Loan Program—Continued

- Guarantee Percentages—
  - Basic 7(a) program
    - 85% for loans up to $150K
    - 75% for loans over $150K
    - Maximum loan—$5 million
    - Maximum guarantee amount—$3.75 million

- Variations
  - SBA Express
  - Small Loan Program
  - CAPLines
  - Community Advantage
  - International Trade, Export Working Capital
Capital Access

504 Loan Program-Fixed Asset Financing

• Long-term: 10- or 20-year terms

• Economic Development-Oriented
  o Job Creation/Retention
  
  o Community Development Objectives/Public Policy Goals
504 Loan Program—Continued

• Maximum loan amount (SBA portion)
  • Maximum loan $5 million
  • $5.5 million for small manufacturer

• Interest rate—fixed rate—based on U.S. Treasury issue rate for 5 or 10 years
Capital Access

Typical 504 Loan Deal

<table>
<thead>
<tr>
<th>Commercial Lender</th>
<th>Certified Development Company</th>
<th>Borrower</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Senior loan</td>
<td>• Junior Loan</td>
<td>• 10% of project</td>
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<tr>
<td>• 50% of project</td>
<td>• 40% of project</td>
<td>• New business +5%</td>
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<tr>
<td>• Variable or fixed rate</td>
<td>• Fixed rate-based on U.S. Treasury rate</td>
<td>• Single use facility +5%</td>
</tr>
<tr>
<td></td>
<td>• 100% SBA guaranty</td>
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</tbody>
</table>
Capital Access

Loan Program Prohibitions

• Speculative deals
• Investment/passive income projects
• Non-owner occupied real estate
• Re-lending
• Multi-level/affiliate marketing plans
• Non-profit organizations (for-profit subsidiaries okay)
• Partial business acquisition
Capital Access

Microloan Program

- Loans up to $50,000
- Delivered by SBA-approved nonprofit microlending organizations
- Provides pre- and post-loan technical assistance
- Real estate, debt refinancing-not eligible
LINC

- Leveraging Information and Networks to access Capital

- “Lending Tree” for small business lending

- Over 300 SBA lenders participating nationwide
  - Commercial Lenders
  - Certified Development Companies
  - Microlenders
  - Community Advantage Lenders
Surety Bond Guarantee Program

• Bid, performance, and payment bonds
• 70%-90% of bond
• Contracts up to $6.5 million
• Federal contracts: up to $10 million in certain instances).
Counseling & Training Resources

- Small Business Development Centers
- Women Business Centers
- SCORE
- Veterans Business Opportunity Centers
- Emerging Leaders Program
Counseling & Training Resources

• SBA Website
  • www.sba.gov
  • online small business training

• SBA/Reni Publishing Small Business Resource Guide
  • www.sbaguides.com/magazine
Government Contracting

• Federal Contracting Certifications
  • 8(a) Business Development Program
  • Historical Underutilized Business Zone (HUB Zone) Certification
  • Women Owned Small Business Certification
Disaster Assistance

Availability-declared disaster areas

• POTUS

• SBA Administrator

• Secretary of Agriculture
Disaster Assistance
Business Physical Disaster Loans

- For qualified small businesses and most nonprofit organizations
- Losses not covered by insurance
- Up to $2 million, 30-year term
- Proceeds may be used for the repair or replacement:
  - Real property
  - Machinery
  - Equipment
  - Fixtures
  - Inventory
  - Leasehold improvements
- Interest rate: 4% or 8%
Disaster Assistance
Economic Injury Loans

• Assist with ordinary and necessary operating expenses

• Eligible entities:
  o Small businesses
  o Small agricultural cooperatives
  o Most private nonprofit organizations

• Loans up to $2 million

• Interest rate-4%
Disaster Assistance

Personal Physical Damage Loans

• Total damage estimate - insurance proceeds=eligible loan amount

• Homeowners: up to $200,000 to replace or repair their primary residence

• Renters and homeowners: up to $40,000 to replace or repair personal property

• Loans more than $14,000: secured with collateral to as possible

• Interest rate: 4% or 8%
Disaster Assistance
Military Reservist Economic Injury Loans

• Assist eligible small business negatively impacted by essential employee being called up to active duty

• Proceeds help eligible small businesses meet ordinary and necessary operating expenses

• Up to $2 million, 30-year term

• Interest rate: 4%
Other SBA Programs and Services

• Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR)

• National Ombudsman for Regulatory Fairness
Questions?