



U.S. Small Business
Administration

SBA Overview

The U.S. Small Business Administration makes the American dream of business ownership a reality.



Access the right tools at the right time

We help you raise capital, guide you as you navigate business challenges, and help you expand into new markets, both domestic and abroad.



Gain the confidence to move forward

Whether you are recovering from a natural disaster or simply building your business, the SBA has your back.



Build your business smarts

Our business mentors, counselors, advisors, and classes can give you all you need to know to plan, launch, manage, and grow your business.



Your small business advocate

The SBA is a Cabinet-level agency which ensures the interests of small businesses are represented in Congress and the Oval Office.

The Right Tools at the Right Time



CAPITAL

- Start or expand your business with SBA-guaranteed loans
- Use Lender Match to find lenders and capital



CONTRACTING

- Provide goods & services to the government
- Register as a government contractor for opportunities



EXPORTING

- Export goods to increase your profits & expand your markets
- Start with SBA's Office of International Trade

CAPITAL

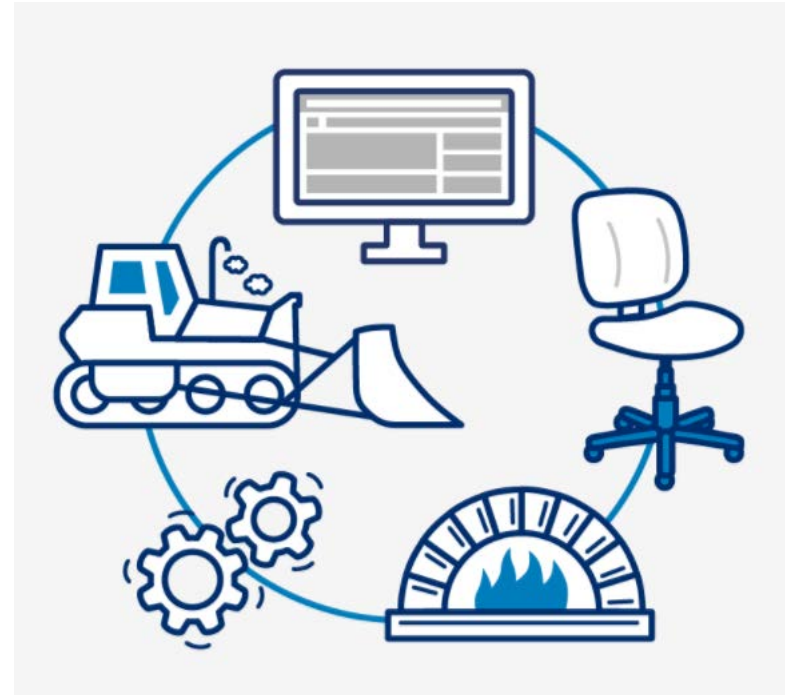
Overview

CAPITAL: USES

Get \$500 to \$5.5 million to fund your business.



Working Capital: Seasonal financing, export loans, revolving credit & refinanced business debt.



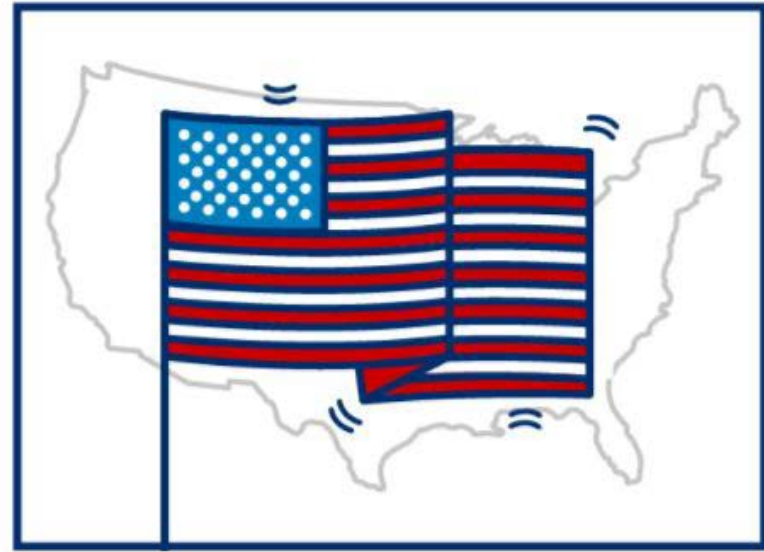
Fixed Assets: Furniture, real estate, machinery, equipment, construction & remodeling

CAPITAL: REQUIREMENTS

The SBA works with lenders to provide loans to small businesses. We do not lend directly to small business owners.



Be a for-profit business:
The business is officially registered & operates legally.



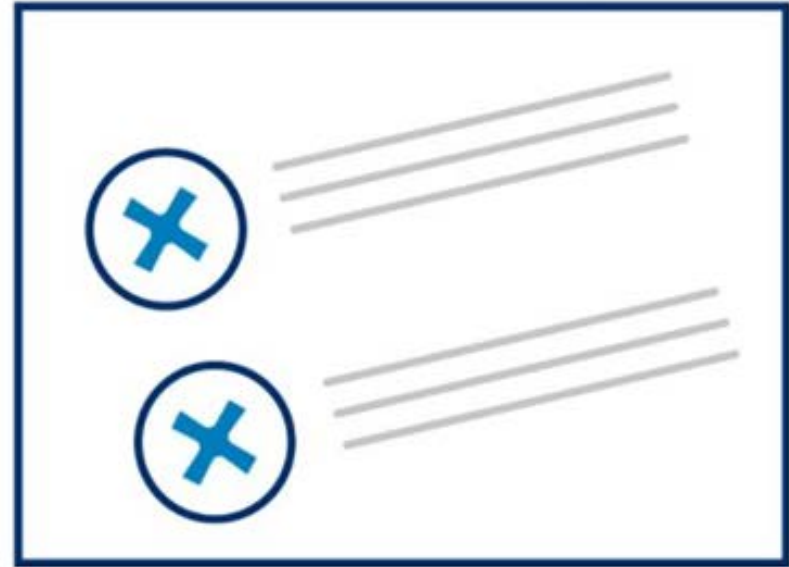
Do business in the U.S.:
The business is physically located & operates in the U.S. or its territories.

CAPITAL: REQUIREMENTS

The lender will provide you with a full list of eligibility requirements for your loan.



Have invested equity: The business owner has invested their own time or money into the business.



Exhaust financing options: The business cannot get funds from any other financial lender.

CAPITAL: BENEFITS

The SBA reduces risk & enables easier access to



**Competi
Terms**



**Counsel
&**



**Unique
Benefits**



CAPITAL

Loan Programs

CAPITAL: LOAN PROGRAMS

The federal government tries to award a significant percentage of government contracting dollars to small businesses, including those in the following programs:

7(a)

- Funds startup costs, facilities & equipment

504

- Long-term, fixed-rate financing for fixed assets

CAP

- Lines of credit up to \$5 million

PLP

- Preferred Lenders Program; expedites SBA loan approval process

Export

- Export Express, Export Working Capital & International Trade Loan

Micro

- \$50,000 to start/expand, working capital & equipment

CAPITAL: 7(a)

The 7(a) loan program is the SBA's primary program for providing financial assistance to small businesses.



Standard 7(a):

- Maximum loan amt: \$5M
- SBA aggregate exposure: \$3.75M

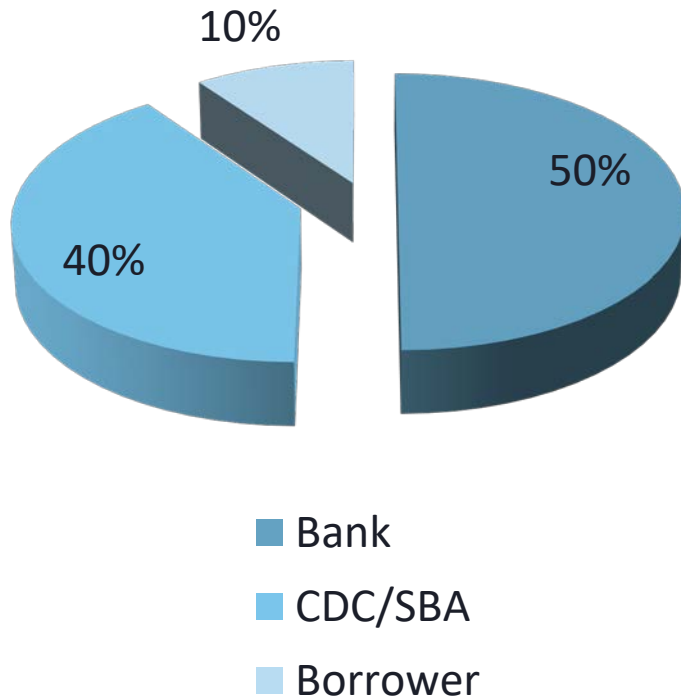


7(a) Small Loan:

- Maximum loan amt: \$350K
- SBA aggregate exposure:
 - 85% for loans up to 150K
 - 75% for loans greater than 150K

CAPITAL: 504

Your small business must meet some basic requirements before you can compete for government contracts



504 Loan

- Maximum loan amt: \$5M
- SBA aggregate exposure: 40%

Third Party Lender

- 1st lien position on project asset
- Loans 50%
- Pays 50 basis point to SBA on 1st mortgage amount

Borrower

- Contributes 10%
- Used for fixed asset financing construction or acquisition

CAPITAL: CAPLines

CAPLine is an umbrella program that helps small businesses meet their short-term & cyclical working-capital needs.



CAPITAL: PLP

Under the Preferred Lenders Program, the SBA gives select lenders more authority to process, close, service and liquidate SBA-guaranteed loans.



CAPITAL: EXPORTING

The SBA will provide lenders with up to a 90 percent guaranty on export loans.



Export Express Loan:

Typically approved within 36 hours & can be up to \$500,000.

Export Working Capital

Loan: Can apply in advance of finalizing export sale/contract. Approved within 5-10 days & can be up to \$5 million.

International Trade

Loan: Combination of fixed asset, working capital financing & debt refinancing. SBA's maximum guaranty of 90%. Up to \$5 million.

CAPITAL: MICRO

The SBA provides direct loans & grants to eligible non-profit microlenders so that they may provide micro-level loans & business based training to entrepreneurs.



Usually less than \$50K

Provided thru community-based

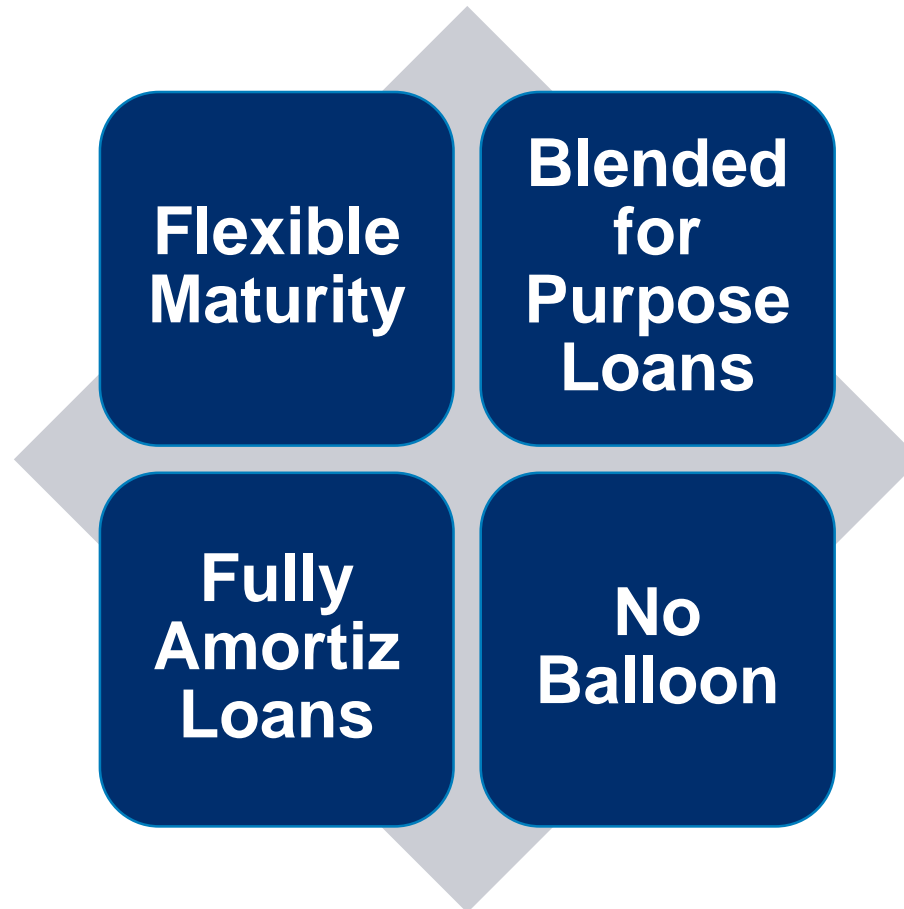
Favor people with low cash reserves or credit

CAPITAL

**Terms, Interests Rates
& Penalties**

CAPITAL: TERMS

SBA-guaranteed loans generally have rates & fees that are comparable to non-guaranteed loans.



CAPITAL: INTEREST RATES

This excludes the SBA Express Program. Base rates are normally “Wall Street Journal” prime rates.

- Bank sets rate; may be fixed or variable
- Maturities under 7 years: base + 2 to $\frac{1}{4}$ %
- Maturities 7 years or longer: base + 2 to $\frac{3}{4}$ %

- Exceptions for loans up to \$50K
 - \$1 to \$25K, add 2% to above caps
 - 25K to \$50K, add 1% to above caps

- Lenders pay ongoing servicing fee of .546 basis points on guaranteed amount

CAPITAL: PENALTIES

The SBA will provide lenders with up to a 90 percent guaranty on export loans.

-In 7(a), prepayment fees are not permitted
-On loan maturities of 15 years or more, SBA collects “Subsidy Recoupment Fee”

-When borrower voluntarily prepays 25% or more of loan, the fee will be:

- 5% in Year 1**
- 3% in Year 2**
- 1% in Year 3**



CAPITAL

**Refinancing & Change
of Ownership**

CAPITAL: REFINANCING

IF debt is SBA-eligible



Debt must not be
reasonable terms



Refinancing must
substantial benefit; 10%
improvement



Not subject to
Balloon notes, interest-
& lines of credit

CAPITAL: CHANGE OF OWNERSHIP



- Can include purchase of “intangible
- Minimum of 10% equity injection required
- Seller Notes are common
- Require business valuation

CAPITAL

Application

CAPITAL: GUARANTEE FEE

Varies based on how much the SBA is guaranteeing for the lender. Companion loans within 90 days can change fees.

Up to
\$125K

- Upfront fee is zero for loan originated
- Ongoing fee of .55 basis points on applies to all loans

\$150K -
\$700K

- 3 % of the guaranteed amount

Above
700K

- 3.5% of the guaranteed amount
- Additional ¼% on amounts over \$1M

CAPITAL: REQUIREMENTS

Personal guarantees from principals owning 20% or more are required.

Collateral:

- First lien position on assets acquired with loan proceeds



Guaranteed loans up to \$350K:

- Require security interests in business assets
- Follow lender's conventional collateral policy

Guaranteed loans over \$350K:

- Require all available business collateral
- Personal real property (may exclude

CAPITAL: REQUIREMENTS

Ineligible businesses

Non-profits

**Passive
holder of
real estate**

**Owned by
aliens**

Gambling

**Restricting
patronage**

**Promoting
Religion**

**Consumer
&
Marketing
co-ops**

**Prurient
nature**

**Poor
character**

**Prior loss
to
governmen
t**

Contact Us!



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