

# 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](http://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

# Capital Access

## 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

# Capital Access

## 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
  - Job Creation/Retention
  - Community Development Objectives/Public Policy Goals

# Capital Access

## 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

### Commercial Lender

- Senior loan
- 50% of project
- Variable or fixed rate

### Certified Development Company

- Junior Loan
- 40 % of project
- Fixed rate-based on U.S. Treasury rate
- 100% SBA guaranty

### Borrower

- 10% of project
- New business--+5%
- Single use facility--+5%

# 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

# Capital Access

## 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](http://www.sba.gov)
  - online small business training
- SBA/Reni Publishing Small Business Resource Guide
  - [www.sbaguides.com/magazine](http://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:
  - Small businesses
  - Small agricultural cooperatives
  - 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

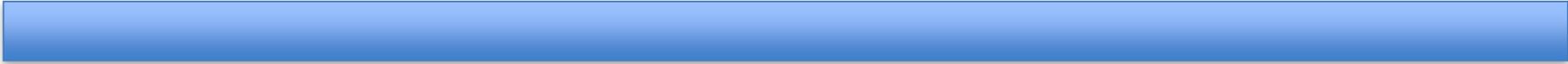
## Military Reservist Economic Injury Loans

- 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?**