

QUESTIONS

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ANSWERS

Does SBA have business grants?

No, SBA does not provide grants for the purpose of business start-up or expansion. SBA does offer several loan guaranty programs that are described in this publication.

How do I know I qualify as a small business so that I can receive SBA assistance?

About 95% of all businesses are eligible for SBA assistance. Size standards vary widely depending upon the industry; however, as a general rule, your business is within SBA size limits if it is in manufacturing or wholesale with fewer than 100 employees or in retailing with annual sales under \$5 million.

Are there any restrictions on types of businesses that can receive an SBA business loan?

Ineligible businesses include not-for-profit organizations and businesses that deal in real estate investments, religious indoctrination, pyramid sales and distribution or illegal activities.

Do I have to be declined by a bank?

No, you do not have to be turned down by a lender to qualify for a loan guaranteed by the SBA.

What is the interest rate?

Interest rates on SBA guaranty loans are negotiated between the lender and the borrower. Rates can be variable and may not exceed 2.75 percent over New York prime. Slightly higher rates may be charged on loans under \$50,000.

What are the loan limits?

With certain exceptions, SBA loans may be any size, however the portion of the loan guaranteed by SBA is generally limited to \$1.5 million dollars.

How much equity do I need to qualify for an SBA loan?

A borrower equity generally should be one-fifth to one-third of the total project cost.

How long will it take to get my loan?

A credit decision on a complete loan package is usually made within 10 working days after it is received by the SBA, not including bank processing time. This assumes that the borrower and lender have provided all the information necessary to process the loan.

Where can I get the loan application?

SBA loan forms are available from a participating lender, who will also be able to provide information about both the bank and SBA documentation required.