

U.S. Small Business Administration

# SBA Programs and Services



**U.S. Small Business Administration**



# SBA's Mission?

The U.S. Small Business Administration (SBA) was established in 1953 to

- protect the interests of small business concerns
- preserve free competitive enterprise
- maintain and strengthen the overall economy

# In Other Words...

To help small businesses

- Start
  - Grow
  - Succeed

# Programs & Services

SBA delivers its services through an extensive network of field offices and partnerships with public and private organizations.

## 1) Financial Assistance

- 7(a) Guaranty Loans
- 504 Loans
- SBIC Program
- Surety Bonds
- Microloan Program

## 2) Business Assistance

- SCORE *formerly Service Corps of Retired Executives*
- Small Business Development Centers (SBDC)
- Women's Business Centers (WBC)
- US Export Assistance Centers (USEAC)
- Procurement Technical Assistance Centers (PTAC)

# Programs & Services

- 3) Government Contracting Certifications for Business
  - 8(a) Disadvantaged Business Program
  - Historically Under-utilized Business Zone (HUBZone)
  - Woman Owned Small Business (WOSB)
  
- 4) Advocacy
  - Principal resource for small business statistics and business trends
  - Monitors regulatory and policy proposals for impact on small business
  
- 5) Disaster Assistance
  - Direct loans from the SBA for:
    - Uninsured losses on real estate and property for businesses, homeowners and renters
    - Economic injury for businesses (working capital)
    - Military Reservists called to active duty

# Local Business Assistance Contacts



[www.asbdc.org](http://www.asbdc.org)  
205-348-1582



[www.score.org](http://www.score.org)  
205-758-7588

FOR THE LIFE OF YOUR BUSINESS

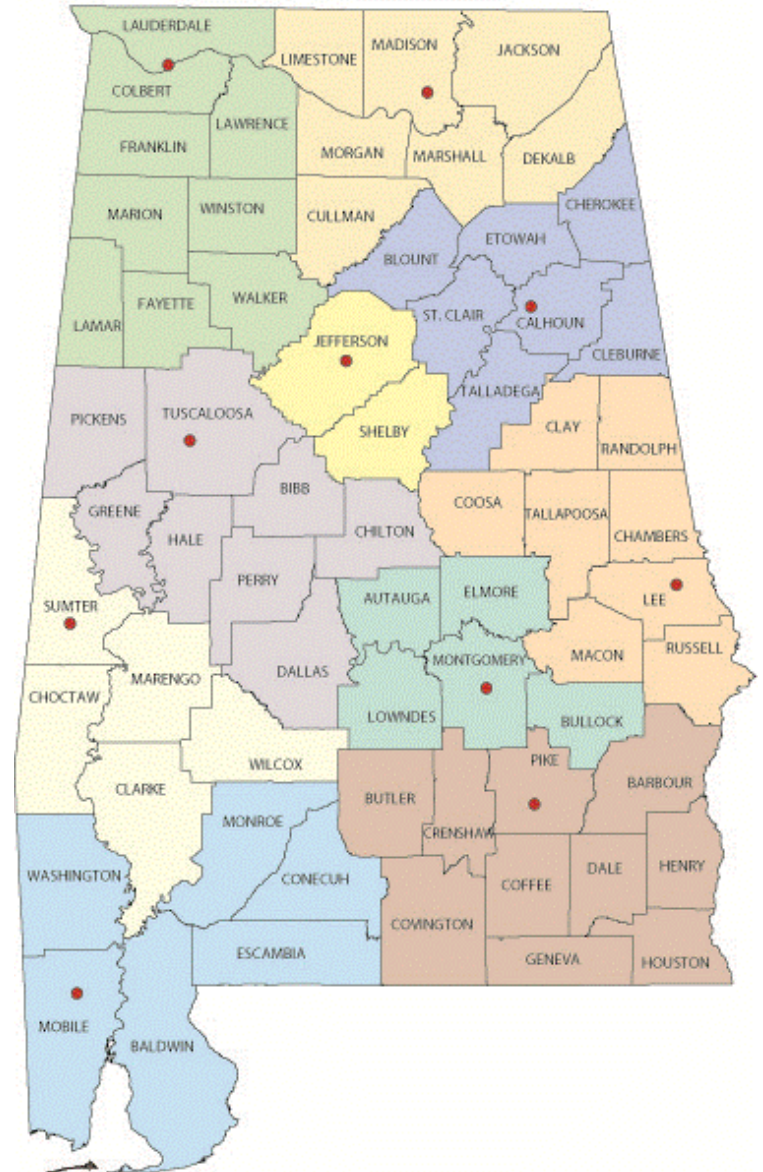
# SBDC SERVICES

- ▶ The Alabama SBDC Network specializes in one-on-one business counseling and educational training for small businesses.
- ▶ Programs of assistance are developed in response to small business needs and growth opportunities for expansion of the state's economy.
- ▶ In FY 2010, the Alabama SBDC Network served 3,286 small businesses with one-on-one counseling and provided educational training to 7,670 individuals



# ASBDC LOCATIONS

Alabama SBDC Network  
Sub Centers County Coverage Areas







# Show Me The Money!?

- The SBA does not make direct loans to small business.
- If businesses need to borrow money to finance your business, they must contact a lender (bank, credit union, economic development organization, etc.)



# Commercial Lenders

- Require:
  - Business plan
  - Financial projections
  - Personal financial statement
  - 3 years tax returns
  - Resume
- Loan underwriting will make a decision and will determine terms and conditions.



# Factors Determining Loan Approval

1. Credit Score
2. Repayment Ability
3. Collateral
4. Equity
5. Experience
6. Type of Business





# A Decision is Made

1. Your loan is approved

*Lender issues a commitment letter with the terms and conditions of the loan*

OR

2. Your loan is declined

*Lender advises you of the reasons why your loan cannot be approved*

OR

3. Your loan is approved, but the Lender seeks a Loan Guaranty from the SBA.



# Financing Programs

1. 7(a) Program basic loan program
2. 504 Program economic development loans
3. MicroLoan Program community-based

# What can the funds be used for?

- Real Estate; purchase, construction, or renovation
- Machinery & Equipment
- Furniture & Fixtures
- Inventory
- Working Capital
- Debt Refinancing



# What does SBA look for?

The same credit issues that lenders review:

- Cash flow based on historical performance and/or projections
- Management ability
- Equity
- Credit
- Collateral





# What are the Benefits of an SBA Guaranteed Loan?

1. Borrower obtains a loan they would otherwise not receive
2. SBA offer longer maturities than traditional lender loans
  - 10 years for working capital
  - 10 years for fixed assets *depending on the asset*
  - 25 years for real estate

# Disaster Assistance

**Home Disaster Loans**—loans to homeowners or renters to repair or replace disaster-damaged real estate or personal property Deadline: June 27, 2011

**Business Physical Disaster Loans**—Loans to businesses to repair or replace disaster-damaged property owned by the business (real estate, inventories, supplies, machinery, equipment). Businesses of any size are eligible, as are private, non-profit organizations Deadline: June 27, 2011

**Economic Injury Disaster Loans (EIDLs)**—Working capital loans to help eligible entities meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster Deadline: *January 30, 2012*

# Top 10 SBA Denial Reasons

1. Affiliate information lacking
2. Franchise Agreement not submitted
3. Business Valuation not provided or unacceptable
4. Personal Financial Statement lacking or incomplete (e.g. spouse did not sign statements)
5. Pro-forma Balance Sheet incomplete or missing
6. Derogatory Credit (e.g. tax liens) not addressed
7. Ineligible Components in the Loan (balloons, term, injection)
8. Information required to complete global Cash Flow analysis lacking (e.g. lack of principal's monthly housing expense)
9. Repayment Ability not demonstrated
10. Available Collateral not pledged

# Tips on Business Recovery

- ▶ Conduct frequent backups of essential information and store it off site
- ▶ Have a planning session with your trusted advisors to review your plans (attorney, banker, CPA, insurance broker, key staff)
- ▶ Get a good handle on your cash situation and other capital needs
- ▶ Review your business plan and revise it as necessary (Free counseling is available from SBA Resource Partners)
- ▶ Consider other market segments (government, export, etc)
- ▶ Involve your employees

# Contact Information

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District Director

US Small Business Administration  
Alabama District Office  
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Birmingham, AL 35211  
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[thomas.todt@sba.gov](mailto:thomas.todt@sba.gov)  
[www.sba.gov/al](http://www.sba.gov/al)



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## SBA Direct The answers you need **start here.**

SBA Direct gives you information and services based on your unique business needs

- ▶ **Find** local resources.
- ▶ **Explore** your programs and services.
- ▶ **Achieve** your business goals.



## What's New

- ▶ [2011 Hurricane and Tropical Storm Recovery Assistance Information](#)  
You may be eligible to apply for disaster assistance from SBA.
- ▶ [SBA Trade Mission to France](#)  
Paris, Oct. 9-13, 2011 - for U.S.-based small businesses interested in expanding their business in France.
- ▶ [The American Jobs Act – Helping Small Businesses Grow And Hire](#)  
A fact sheet on the President's plan