



SBA assists small businesses in three main areas:

- CAPITAL through our loan programs
- CONTRACTS through government contracting certification and business development programs
- COUNSELING/TRAINING through our network of Resource Partners

www.sba.gov/va

Financial Assistance

SBA's Role in providing Financial assistance

- ▶ SBA does NOT provide grants

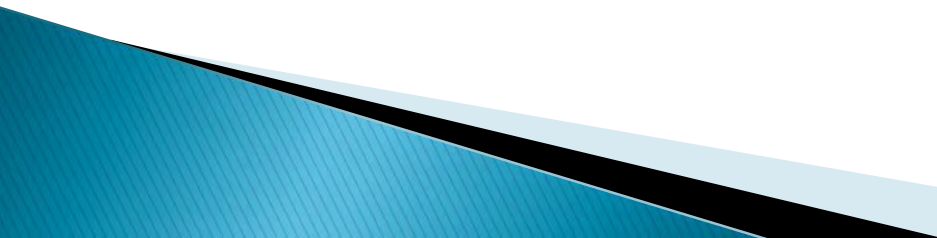
www.grants.gov www.cfda.gov

- ▶ SBA does NOT make DIRECT loans

except under its Disaster lending programs

- ▶ SBA DOES provide:
a Guaranty on loans made by participating lending institutions.

Financial Assistance

- **7(a) Loan Program**
 - **504 Loan Program**
 - **Microloan Program**
- 

Financial Assistance

7(a) Loan Guaranty Program

Loans may be used for any reasonable business purpose including:

Equipment

Debt refinancing

Inventory

Business purchase

Real estate

Working Capital

Franchise

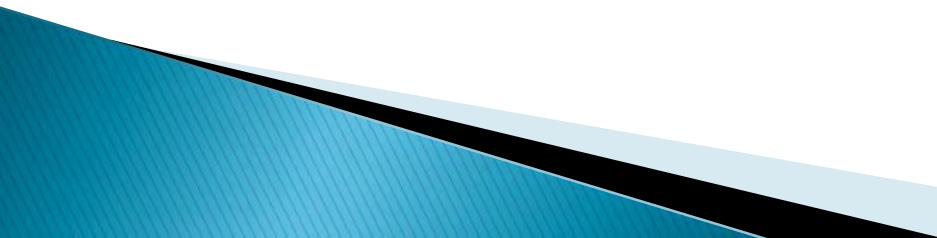
Exporting

www.franchiseregistry.com

Financial Assistance

7(a) Loan Guaranty Program

Maximum Loan Maturities

- **Working Capital** **up to 10 years**
 - **Real Estate** **up to 25 years**
 - **Machinery** **useful life of asset**
 - **Just about everything else is 10 years**
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Financial Assistance

7(a) Loan Guaranty Program

SBA Interest Rate Policy

- Terms of less than 7 years
 - Prime +2.25%
- Terms of 7 years or more
 - Prime +2.75%
- *SBAExpress* Loans & Loans less than \$50,000 may have higher interest rates

Financial Assistance

7(a) Loan Guaranty Program

SBA General Eligibility Criteria

- **Must be for profit**
 - Not engaged in lending, real-estate development, investments or speculation
- **Must be small www.sba.gov/size**
- **Must have a sound business purpose**
- **Good Credit**
- **Good Character**
- **Equity Investment**

Financial Assistance

7(a) Loan Guaranty Program

Maximum \$5,000,000 loan limit

-SBAExpress: Up to \$350,000

-Patriot Express: Up to \$500,000

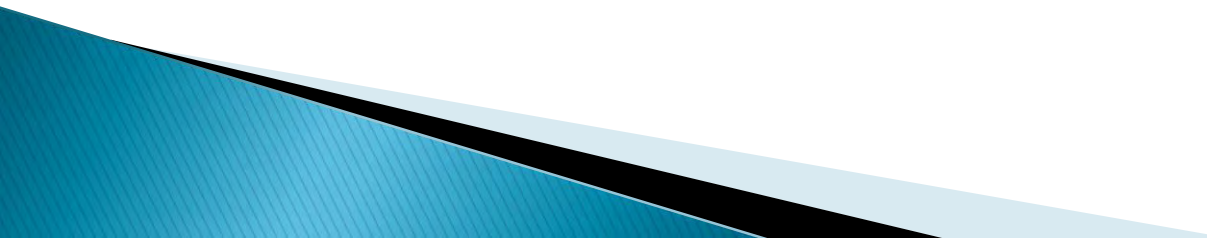
-Export Express: Up to \$500,000



Financial Assistance

7(a) Loan Guaranty Program

SBA Express

- Lender uses mostly own forms
 - Loans or revolving lines of credit up to \$350,000
 - SBA guaranty of 50% to the bank
 - 36-hour response from the SBA
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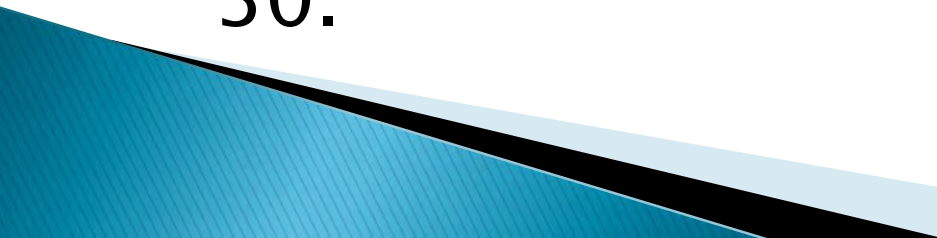
PATRIOT EXPRESS

- ▶ Similar to *SBA Express* but only open to the military community and their spouses
- ▶ Loan Limit is \$500,000
- ▶ Guaranty: 85% or 75% [same as 7(a)]
- ▶ Uses maximum 7(a) interest rates

Patriot Express Eligibility

- ▶ Veterans (other than dishonorably discharged);
- ▶ Active Duty Military member participating in the military's TAP Program or discharging Active Duty members within 12 months of discharge;
- ▶ Reservists and National Guard members;
- ▶ Current spouse of any of the above or
- ▶ Current spouse of any Active Duty Military member, the widowed spouse of a service member who died while in service, or widowed spouse of a veteran (other than dishonorably discharged) who died of a service-connected disability.

CDC/504 PROGRAM

- ▶ Provides long-term, fixed-rate financing to small businesses to acquire owner-occupied commercial real estate or heavy machinery and equipment.
 - ▶ Certified Development Companies (CDCs), which are nonprofit corporations set up to contribute to the economic development of their communities, work with the SBA and private-sector lenders to provide financing to small businesses.
 - ▶ A list of Virginia CDCs is provided in the Virginia Small Business Resource Guide, page 30.
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HOW DOES 504 PROGRAM WORK?

- ▶ Combination Financing of generally:
 - 50% Bank financing with no government guaranty
 - 40% Government Financing through the CDC
 - 10% Owner's Equity
 - Additional equity is required for businesses less than two years old and for limited use buildings.
- ▶ Long term – fixed rate funding component
 - Term is generally 10 years for heavy equipment and 20 years for commercial real estate loans
 - SBA share normally funded at a rate lower than that of the bank, 4.6385% in October 2011.

Financial Assistance

504 Loan Program

Certified Development Companies

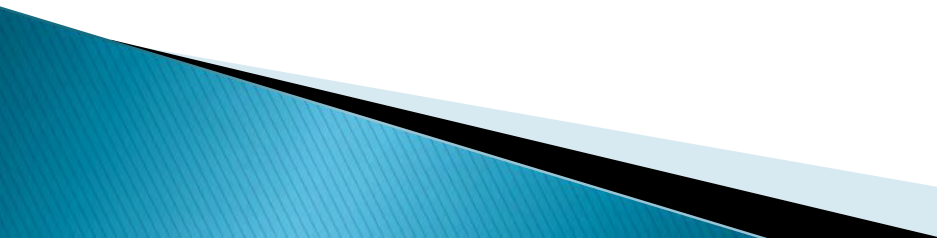
Maximum SBA/504 Debenture Financing***

\$5 million

- \$5.5 million for Small Manufacturers and certain energy projects
- The minimum SBA debenture amount is \$25,000.

***Excluding the bank financing and equity injection

HOW DOES 504 BENEFIT SMALL BUSINESSES?

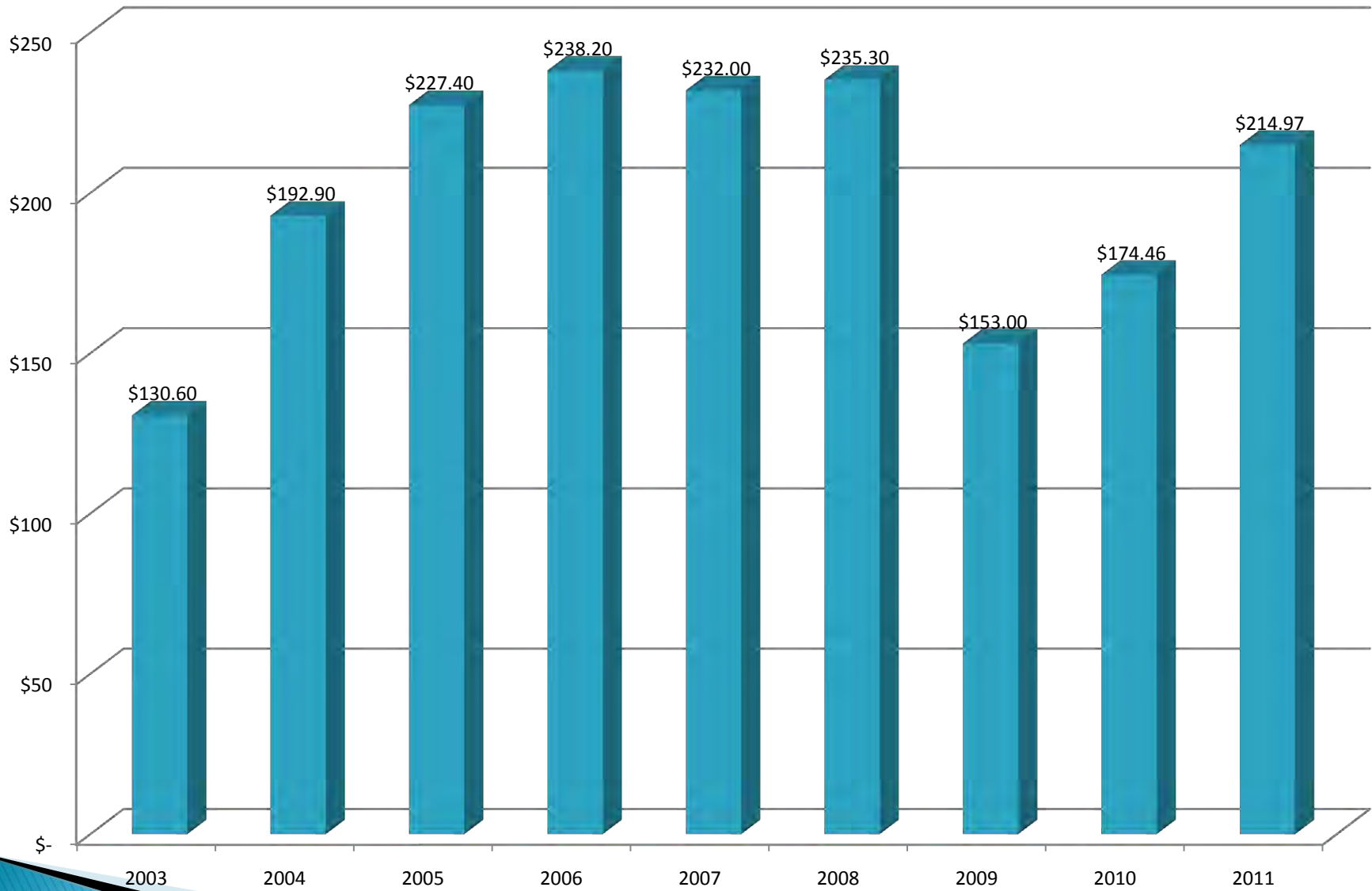
- ▶ Lowers their monthly payment
 - ▶ Lowers their cash needed up front
 - ▶ Provides an interest rate hedge
 - ▶ Helps in finding a first mortgage lender
 - The conventional lender gets a first on all the collateral while lending only half the cost
 - ▶ Quick SBA turnaround on loan requests
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SBA Microloan Program

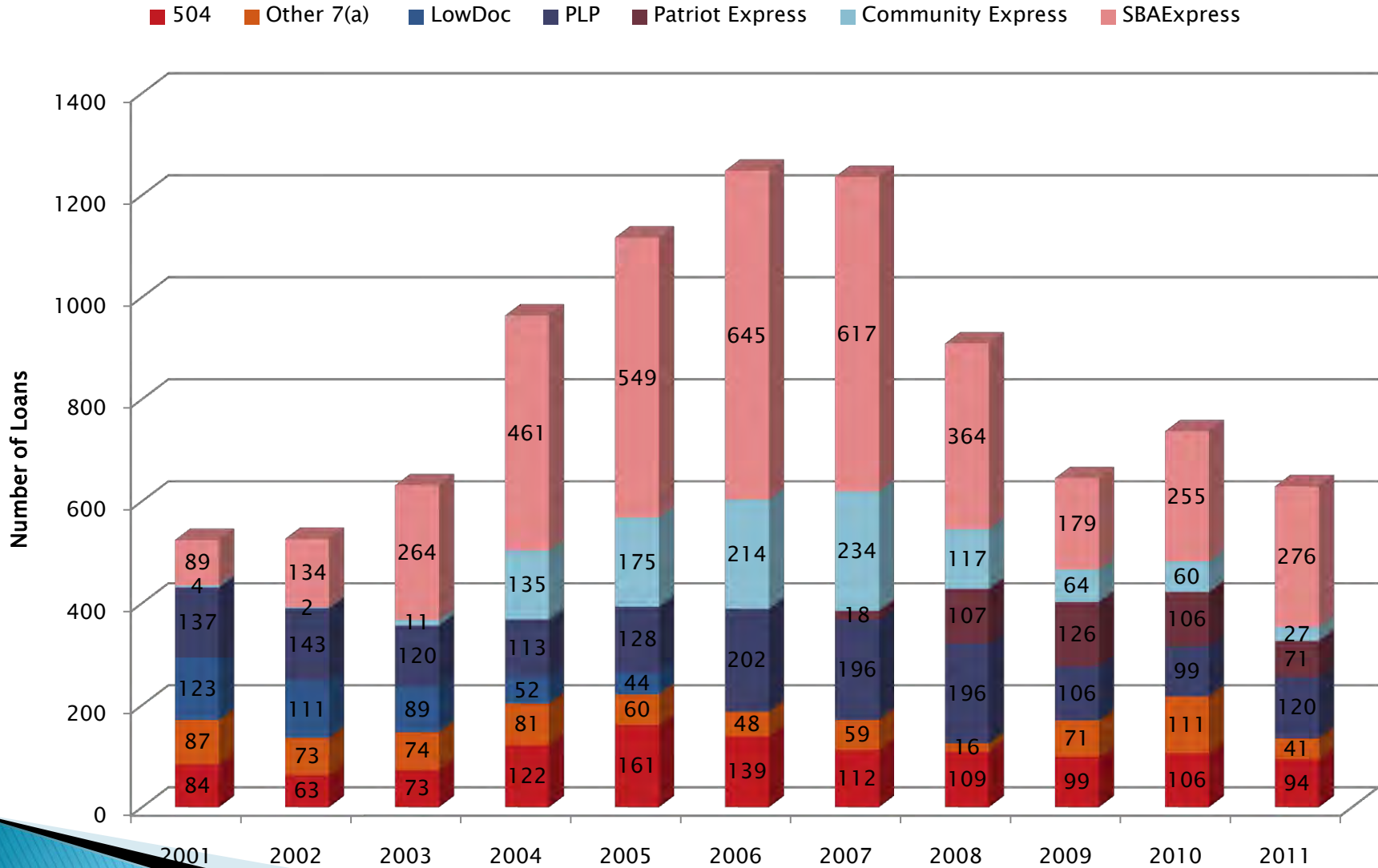
- ▶ SBA makes funds available to specially designated intermediary lenders, which are nonprofit community-based organizations with experience in lending, and management and technical assistance.
- ▶ Intermediaries make loans to eligible borrowers.
- ▶ Maximum loan amount is \$50,000; average loan is about \$13,000.
- ▶ Use of Proceeds: machinery, equipment, fixtures, working capital, leasehold improvements.
- ▶ Maturity: shortest term possible (6 years or less)
- ▶ Maximum interest rate: Interest rates vary, depending on the intermediary lender and costs to the intermediary from the U.S. Treasury. Generally, these rates will be between 8 and 13 percent.

Richmond, Va. District Loan Volume

Dollars in Millions



Loans by Delivery Method – Richmond 2001–2011



TECHNICAL ASSISTANCE

For more information go to www.sba.gov/va



Service Corp of Retired Executives
10 chapters in Virginia
www.score.org



VA Small Business Development Centers
29 centers in the Virginia
www.virginiasbdc.org

PROCUREMENT ASSISTANCE

Minority Business Development & Government Contracting Programs

- ▶ **8(a) Business Development Program**
 - ▶ **Small Disadvantaged Business (SDB) Program**
 - ▶ **HUBZone Empowerment Contracting Program**
 - ▶ **Surety Bond Guarantee Program**
 - ▶ **Service-Disabled Veteran-Owned Small Business (SDVOSB) Program**
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Starting & Managing a Business

Loans & Grants

Contracting

Counseling & Training

SBA Direct

For Lenders

SBA Direct

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

Learn More ▶



Featured Tasks

Most Visited

Top Rated

- ▶ Find Loans & Grants...
- ▶ Register Your Business...
- ▶ Apply for HUBZone Status...
- ▶ Apply for 8(a) Certification...
- ▶ Find Business Licenses & Permits...
- ▶ Submit Your Idea for Reducing Regulatory Barriers...
- ▶ Find Exporting Opportunities...

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's Federal Contract Program for Women – Part 2**
Web Chat Event: Join host Michele Chang on October 27, 2011 at 1 p.m. (ET)
- ▶ **The American Jobs Act – Helping Small Businesses Grow And Hire**
A fact sheet on the President's plan
- ▶ **State Trade and Export Promotion (STEP) Grants Announced**
See state-by-state grant data for 2011.

Open for Business blog



Keep up with SBA's top leaders and hear the latest news, including new tools and tips to grow a business.

Disaster Recovery Loans



Learn about and apply for SBA Disaster Loans for homeowners, renters, businesses of all sizes and private, nonprofit organizations.

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