

U.S. Small Business Administration

Financing Small Business



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

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 Center (PTAC) *known as the Regional Contracting Assistance Center in WV*

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.wvscore.org
304-347-5463



www.westvirginiawbc.org
800-766-4556



www.wvsbdc.org
888-982-7232

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

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

Why Do Small Businesses Fail?

1. Lack of Planning
2. Poor Management
3. Insufficient Capital
4. Overexpansion
5. Location, Location, Location
6. Failure to Change with the Times

Contact Information

Emma Wilson

Branch Manager & Lead Lender Relations

US Small Business Administration

Charleston Branch Office

405 Capitol Street, Suite 412

304-347-5220

Emma.Wilson@sba.gov

www.sba.gov/wv

Search Federal, State & Local

Search

About SBA | Contact SBA | Community

Starting & Managing a Business

Loans & Grants

Contracting

Counseling & Training

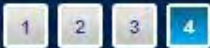
SBA Direct

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 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