



U.S. Small Business
Administration

SBA Backed Financing

If your situation does not meet your bank's guidelines (Credit Policy) they may mitigate the risk with an SBA 7a Loan or Express loan

SBA Backed Financing

When do lenders use SBA? When an otherwise viable deal falls outside their policy or risk tolerance

- Risky Industry
- Start-up or young company
- Inadequate Collateral
- Longer repayment term required
- Lender's existing portfolio

SBA Guaranty Loans – 7(a)

What matters most to SBA

- Cash Flow
- Character/Credit
- History of Business/Viability
- Adequacy of capital
- Collateral

SBA's guaranty helps lenders say yes more often

7(a) Loan types and lending limits

General 7(a) Loans Subprograms

- Max \$5,000,000; 75% GTY, 85% if \$150,000 or less

SBA Express

- Max \$350,000; 50% Guaranty

SBA Export Express

- Max \$500,000; 90% Guaranty on loans up to \$350,000; 75% on loans >\$350,000

International Trade or Export Working Capital Loan Programs

- Work with your local SBA District Office if you are looking for an Export loan >\$500,000

504/Certified Development Company

Program Details

Maximum Loan Amount: **\$5 million (\$5.5 million for 'green' projects)**

Maximum guaranty: 100% SBA's portion

Uses: Long-Term; Fixed Assets

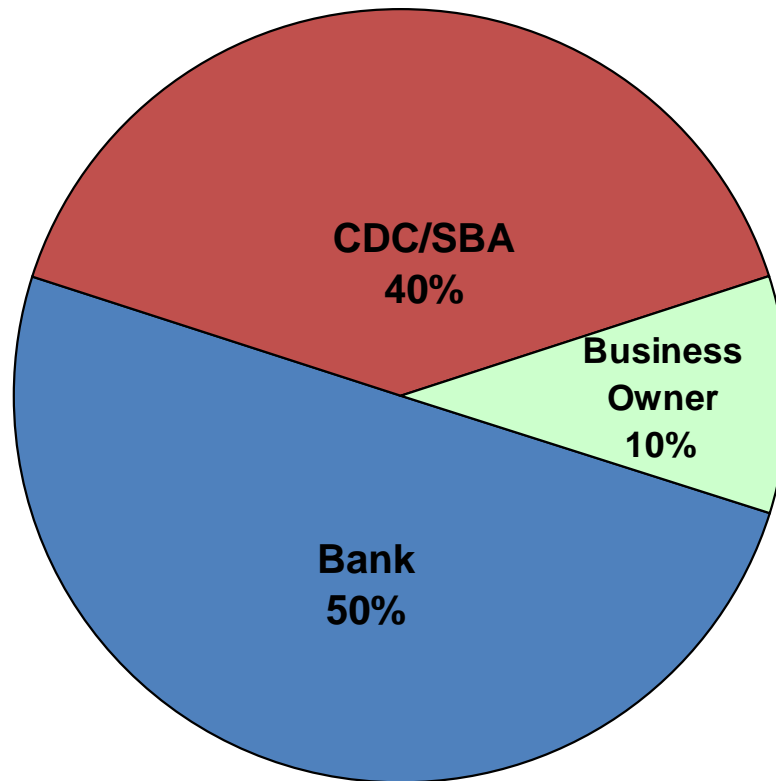
Maturity: Generally 10, 20 or 25 years

Maximum Interest: Fixed rate established when debenture backing sold

Partnership: private sector 1st loan; CDC 2nd loan subject to above loan limits

504/Certified Development Company

Most common 504 structure



Microloans

General Details

- Maximum loan amount is **\$50,000**
- Maturity: shortest term possible (6 years or less)
- Maximum Interest Rate: Negotiable with intermediary
- Uses: General business expenses and equipment, fixtures, etc.

SBA Backed Financing

General Components of SBA financing

- Guaranty fee
- Personal guaranties
- Full amortization
- Capped interest rates
- Terms to suit both use and business cash flow
- Annual financial statements

SBA Backed Financing

Ineligible Businesses for SBA Guaranty

- Not for Profit
- Investment Companies
- Engaged in Lending
- Prior loss to Government
- Gambling, etc.

SBA Backed Financing

Start-up Financing Requirements

- Business Plan, including assumptions, resumes
- If purchasing a business, the last 3 years financials from seller plus Purchase and Sales Agreement
- Three years personal tax returns and signed 4506-T
- Detailed Sources and Uses of Funds Statement
- Day one Balance Sheet
- Owner contribution and global cash flow
 - The less the borrower has to invest, the more difficult conventional financing can be to obtain
- Exploration of seller financing

SBA Backed Financing

Eligible Uses of Proceeds

- Purchase of commercial owner-occupied real estate
- Purchase Equipment
- Working Capital
- Business Startup
- Debt Re-finance



U.S. Small Business
Administration

Questions?