SBA Programs At A Glance

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Our Objectives Today

• How SBA helps you the small business owner?
• How our Loan Guaranty Programs work
• Provide you with resources you can use now
How SBA Helps Small Business

- Access to Capital (Loan Guaranty Programs)
- Technical Assistance and Counseling
  - Small Business Technology & Development Center
  - Service Corp of Retired Executives (SCORE)
  - Veterans Business Resource Center
  - Women’s Business Center
- Online training [www.sba.gov/training](http://www.sba.gov/training)
How SBA Helps Small Business

• Government Contracting
  • 8(a) Business Development Program
  • HUBZone Program (Historically Underutilized Business Zones)
• U.S. Export Assistance Center (USEAC)
• Advocacy [www.sba.gov/advo](http://www.sba.gov/advo)
• Disaster assistance [www.sba.gov/disasterassistance](http://www.sba.gov/disasterassistance)
Access To Capital

• SBA Loan Guarantee Program

• We do not make direct loans, SBA guarantees a percentage of the loan for the lender.

• Helps start-ups and businesses with little collateral or needing terms that are outside the lenders policy.

• Almost every bank in the state can do business with the SBA.
What SBA Looks For

- Repayment ability from cash flow
- Good character
- Management capability
- Collateral
- Owner's equity contribution

All owners of 20 percent or more are required to personally guarantee SBA loans.
Use of Proceeds

- Purchase land or buildings
- Expansion or renovation
- Construction of new facilities
- Purchase machinery & equipment
- Furniture and Fixtures
- Leasehold Improvement
- Working Capital
- Inventory Purchases
- Business Acquisitions
- Refinancing existing debt (if currently under unreasonable terms)
What does the SBA consider unreasonable terms in debt restructuring?

- Term Debt with Demand Feature or Balloon Payment
- Debt with Interest Rate Over SBA’s Maximum
- Credit Card Debt (Business Related)
- Over-collateralized Debt
- Revolving Lines of Credit
## Interest Rates

- Negotiated between you and the lender
  - Subject to SBA maximums
- Rates can be either Fixed or Variable
- Based on term and the amount

### Example (variable rates)

<table>
<thead>
<tr>
<th>Term</th>
<th>Loan</th>
<th>Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 7yrs.</td>
<td>$25k to $50k</td>
<td>Prime + 3.25%</td>
</tr>
<tr>
<td>&gt; 7yrs.</td>
<td>$50k or Greater</td>
<td>Prime + 2.75%</td>
</tr>
</tbody>
</table>
## Guaranty Fees

<table>
<thead>
<tr>
<th>MATURITY</th>
<th>LOAN $</th>
<th>SBA FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 12 mos.</td>
<td>up to $5 million</td>
<td>.25% of guaranteed portion</td>
</tr>
<tr>
<td>Greater than 12 mos.</td>
<td>$150 K or less</td>
<td>2.0% of guaranteed portion</td>
</tr>
<tr>
<td>Greater than 12 mos.</td>
<td>$150 K to $700 K</td>
<td>3.0% of guaranteed portion</td>
</tr>
<tr>
<td>Greater than 12 mos.</td>
<td>$701 K and up</td>
<td>3.5% of guaranteed portion</td>
</tr>
</tbody>
</table>

An additional up-front fee equal to 0.25% of amount by which SBA guarantee greater than $1,000,000

### Maximum guaranty
85% for loans $150k and less
75% for $150k and greater.
Eligibility

Based on four different factors

1. Size

- Number of employees or sales volume
  - Manufacturing 500
  - Wholesale 100
  - Retail (avg. gross sales last 3 yrs. does not exceed $7 million)
Eligibility

2. Nature of the business (non-eligible examples)

- Non-Profit
- Lending
- Speculative
- Passive investment
- Pyramid sales
- Presenting live performances of prurient sexual nature
- Illegal activity
Eligibility

3. Use of Proceeds

Examples of Ineligible uses

- Payment of Delinquent Taxes
- Payments to an Associate
- Purchase land/building for resale
- Floorplan Financing
Eligibility

4. Miscellaneous Factors

- Anti-discrimination Rules
- Lending to Agricultural Enterprises
- Incarcerated, on probation, on parole
7(a) SBA's Primary Loan Program

**Maximum Loan $5 million**
- Small business owners meet with their lenders
- Lender determines if SBA support is needed
- Lender uses SBA support for viable projects outside their normal guidelines

**SBA may guarantee**
- Generally up to 85% of a loan of $150,000 or less
- 75% on loans greater than $150,000.
Questions??????