

# Take the Mystery out of SBA Loans

## Small Biz Day

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U.S. Small Business Administration



# How do we help entrepreneurs?

- Financing
- Technical assistance and counseling
- Government contracting
- Advocacy
- Disaster assistance

*So why small business?*

# Small Business Administration

## Small business plays a vital role in Nebraska's economy

- **Big businesses** (greater than 500 employees) in the state **shed nearly 84,000 jobs** from 2002 to 2008
- Over the same time, Nebraska saw an increase of **50,000 new jobs from small businesses**
- **Half of all jobs in the state** come from small businesses
- Women-owned small businesses grew 14% from 2009

# SBA Nebraska District Office

**In Fiscal 2012, we helped Nebraska entrepreneurs:**

Get financing:

**Obtained \$156 million through 441 loans**

Win federal government contracts:

**8(a) disadvantaged firms and veteran-owned small businesses won tens of millions in contracts**

Create jobs:

**SBA loans directly led to Nebraska firms hiring 2,000 new people, and helped keep 6,200 people**

***So how can the SBA help my small business?***

# SBA Guarantee Loan Program

- Guarantees the loan for the bank
- Allows them to diversify their portfolio
- Helps start-ups and businesses with little collateral get a longer term on their loan
- Every bank in the state can do business with the SBA
- Interest rate is capped
- No balloons, no demand feature

# 7(a) Standard Loan Guarantee

- Up to \$5 million loan
- Can use for expansion/renovation, new construction, purchase land or buildings, equipment purchase, leaseholder improvements, working capital, debt refinance, or purchase a franchise
- 25 years for real estate acquisition or construction; 10 years for any other type of loan.
- Fixed maturity with no balloons
- 85% guarantee for \$150,000 or less, 75% for more than \$150,000
- Variable rates are capped as follows:
  - Less than 7 year term, rate is NY prime plus 2.25%
  - More than 7 year term, rate is NY prime plus 2.75%
- Fixed rates are capped between 6.75% to 7.25%
- Fees for borrowers usually ranging from 2% to 3.75% for term loans.
- Servicing fee of 0.55% for the lender

# SBA Express Loan Guarantee

- Revolving lines of credit up to 7 years, or term loans similar to 7(a) provisions.
- Guarantee only 50% on \$350,000 or less
- Rates are capped as follows:
  - Less than \$50K, NY Prime plus 6.5%
  - More than \$50K, NY Prime plus 4.5%
- Faster turnaround, streamlined process
- Must be a proven 7(a) lender and be approved to use Express programs

# Patriot Express Loan Program

- Revolving lines of credit up to 7 years, or a term loan similar to 7(a) provisions.
- \$500,000 maximum loan size
- 85% guarantee for \$150,000 or less, 75% for more than \$150,000
- Interest rate caps same as 7(a)
- Small business must be owned and controlled by a veteran or spouse of a veteran (51% percent or greater ownership)
- Higher guarantee, faster turnaround than 7(a), streamlined process

# Small Loan Advantage

- Streamlined process based on SBA Express paperwork and process but for all lenders
- \$350,000 guarantee
- 85% guarantee for \$150,000 or less, 75% for more than \$150,000
- Interest rate caps same as 7(a)
- Perfect for lenders who want an easier way to get small businesses the capital they need
- No SBA loan experience required

# CAPLines Program

- Exciting way to finance small business working capital needs
- **\$5 million guarantee**, same guidelines as 7(a)
- **Use contract, purchase agreement and receivables as collateral**
  - Contract Loan Program is used to finance material, labor, and overhead needs for a specific contract or contracts.
  - Seasonal Line of Credit Program is used to support buildup of inventory, accounts receivable or labor and materials above normal usage for seasonal inventory.
  - Builders Line Program provides financing for small contractors or developers to construct or rehabilitate residential or commercial property.
  - Working Capital Line is a revolving line of credit that provides short term working capital.
- Excellent way for a small business looking to do contract work with the federal, state or city government

# 504 Loan Program

**Designed as an economic development program to support small business growth**

**Helping communities with**

- Business expansion
- Job creation

**Provides long-term, fixed-rate, financing for acquisition and/or renovation of capital assets.**

Lender generally provides 50%

SBA generally provides 40% financed through CDC

**Current rate is 4.17% for SBA portion**

Borrower downpayment between 10-20%

# Microloan program

If you've been turned down by a bank, these offer small loans for start-ups and existing business **up to \$50,000**

- Omaha Small Business Network (OSBN)
- Rural Enterprise Assistance Project (REAP)
  - Largest rural microlender in the nation.
- Community Development Resources (CDR)
- West Central Nebraska Development District (WCNDD)

Nebraska is one of the nationwide leaders in microloan financing and was the **fifth-largest in the country in FY12**.

Microlending in the state grew **42%** from \$1.25 million in FY11 to \$1.78 million in FY12.

# 8(a) Program

**To improve the opportunities for socially and economically disadvantaged small businesses to become competitive in the American economy.**

- 51% owned and controlled by socially and economically disadvantaged citizens of the U.S., Indian Tribes or Alaska Native Corporations.
  - Service-disabled veterans, women, minorities
- Must be a small business
- Provide products or services likely to be purchased by the US Government.

# 8(a) Program

## Benefits to small business

- Business Development Assistance
  - Business Plan, training, contract negotiations
- Access to Federal Markets and other Government Agencies
- Nine years of participation

# HUBZone Program

## A Place-Based Federal Contracting Program for:

- High Unemployment and Low Income areas
- Small business
- Principal office must be located in a HUBZone
- At least 35% of employees must reside in a HUBZone
- Must be 100% owned & controlled by U.S. citizen(s)

# Small Business Administration

Where do local businesses go for help?

- **SCORE Omaha chapter, 402-221-3606**
  - Business plan advice and one-on-one mentoring
  - Monthly start-up workshop
- **Nebraska Business Development Center**
  - Business consulting, 402-554-6633
  - Start-up, management and technical assistance with financial projections

# Small Business Administration

## **Government Contracting workshops**

Third Thursday of each month, free to attend  
10675 Bedford Avenue, Omaha  
8:30-10:30 a.m.  
Call (402) 221-7229 to register

## **Omaha Empowerment Breakfasts**

Register at [www.omahaempowermentbreakfast.org](http://www.omahaempowermentbreakfast.org)  
Second Friday of each month  
Regency Lodge, 107<sup>th</sup> & Pacific, \$15 to attend  
7:15 to 8:30 a.m.

## **Veterans in Business Forum breakfast**

First Friday of every month, free to attend  
UNO Thompson Alumni Center  
7:30 to 9:15 a.m.

[www.sba.gov/ne](http://www.sba.gov/ne)

**About SBA**

- What We Do
- Our People
- Our Offices
  - > Local Offices
    - Nebraska District Office**
      - About Us
      - Leadership
      - News
      - Events 
      - Resources
      - Success Stories
    - Regional Offices
    - Disaster Center Offices
    - Headquarters Offices
- Our History
- SBA Programs
- Open Government
- Join Our Team
- Newsroom
- Our Blog
- The SBA.gov Website
- Policy & Regulations
- FOIA
- Contact SBA

## Nebraska District Office

### Serving the State of Nebraska

#### Financing

SBA offers information on small business loans, grants, bonds and other financial assistance. Find out which method of financing is right for you!

[Learn More about Small Business Loans, Grants, Bonds & Other Financial Assistance](#)

While SBA does not make loans directly, you can find a local lender who can help you with your loan application. You may also speak directly with a local SBA representative by calling 402-221-4691.

#### Events & Workshops

Explore highlighted events in your area.

Events Calendar						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

[View Full Calendar !\[\]\(3a3d478a97a3c7090b6b6914a68b80f4\_img.jpg\)](#)

#### Training

- ▶ COBRA Subsidy Information
- ▶ Where Will Your Next Customer Come From?
- ▶ TCHO: Measure Results with Web Analytics
- ▶ Skaters Landing: Educate your Customers using Free Marketing

#### Resources

#### What's New

- ▶ It's Your Business - February 2011
- ▶ Urban League President and CEO Thomas Warren to speak at Omaha Empowerment Breakfast
- ▶ It's Your Business - January 2011
- ▶ It's Your Business - December 2010

#### SBADirect

The answers you need **start here.**

##### My Interests:

- Leading Your Company
- Growing Your Business
- Running a Business
- Eligibility Size Standards

Your Business ZIP Code

Go

#### Connect With Us

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