Take the Mystery out of SBA Loans
Small Biz Day

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How do we help entrepreneurs?

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

So why small business?
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
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%

www.sba.gov
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
Second Friday of each month
Regency Lodge, 107th & 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.