



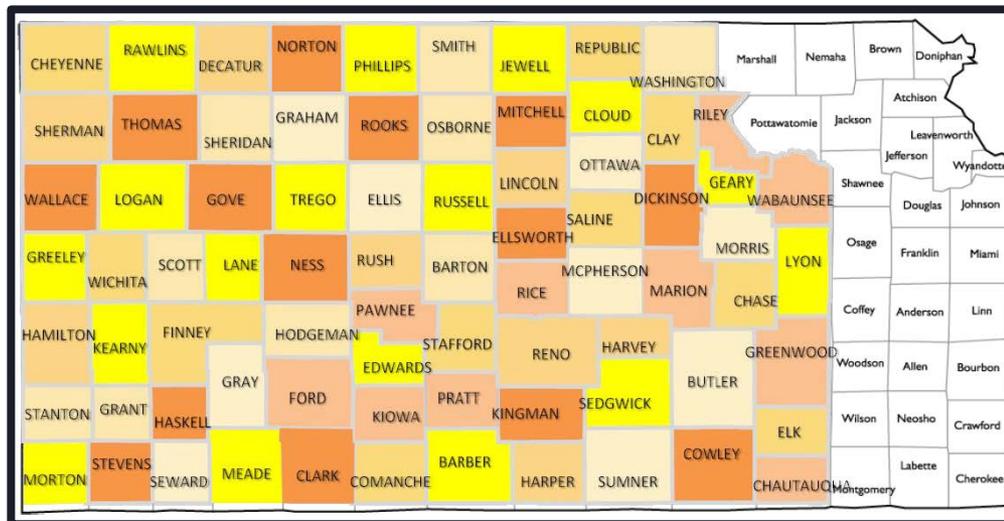
U.S. Small Business
Administration

U.S. Small Business Administration

Wichita District Office
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Wichita, KS 67202

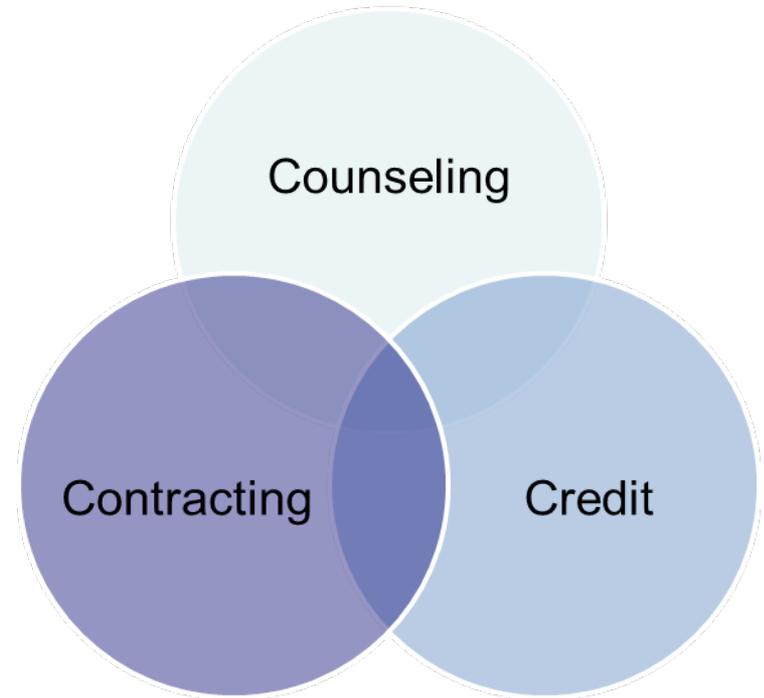
**Your Small Business Resource
Helping Small Businesses
start, grow and succeed**

www.sba.gov



Our Mission

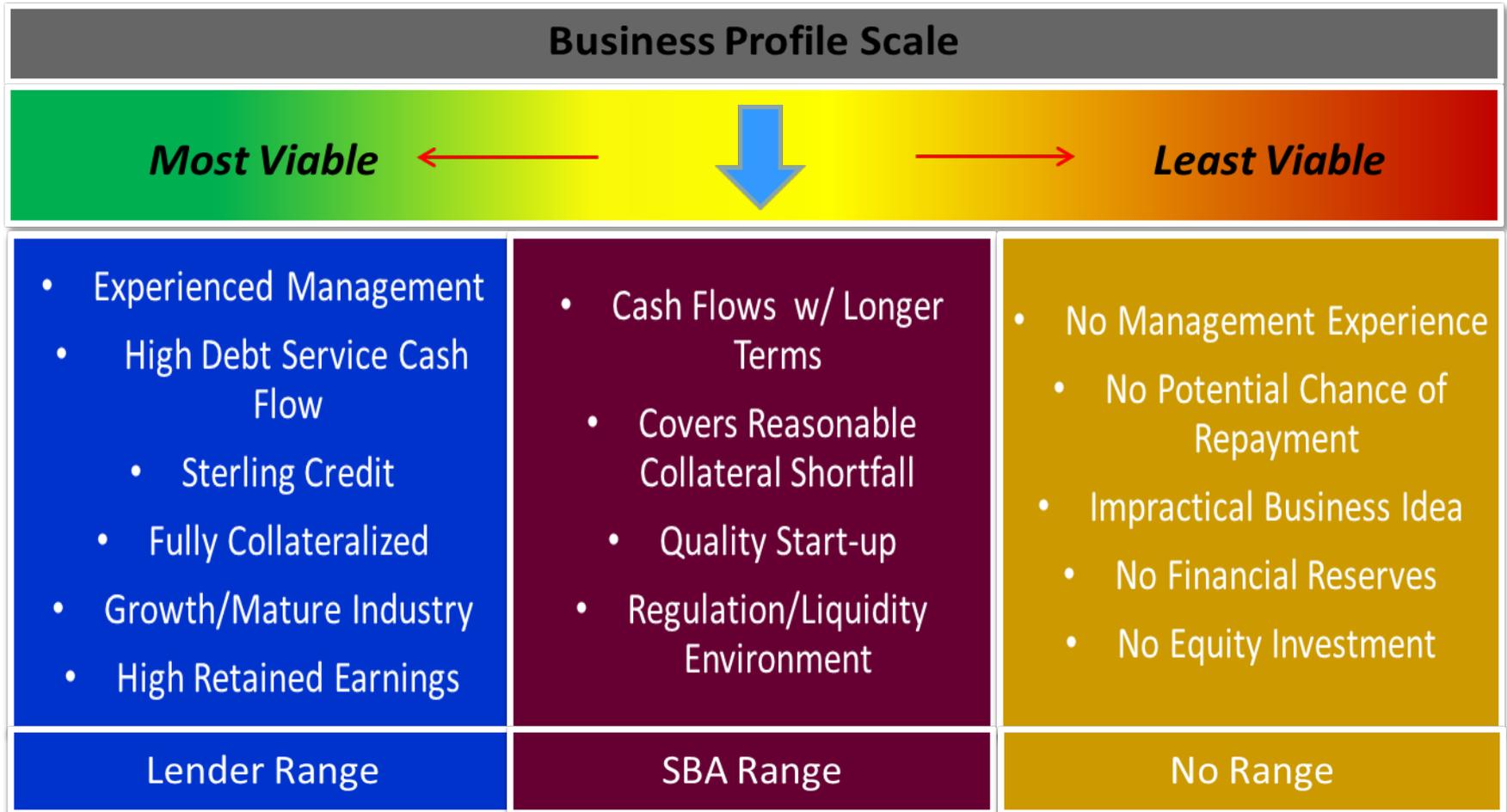
- Technical Assistance
 - Counseling & Training
Kansas SBDC and SCORE
- Access to Capital
 - SBA Guaranty Loan Programs
- Facilitate
 - Government Contracting



Who is the SBA Borrower?

- A borrower who may be short on collateral
- A borrower who doesn't fit the lenders standards of lending
- A start-up with no proven history
- A borrower who currently has non-SBA financing under less than favorable terms

Where Does the SBA Loan Fit?



SBA's Major Guaranty Loan Programs

7(a) Term Loan

Express Loan

CDC-504 Loan

7(a) Loans

7(a) Term Loans

Up to \$5,000,000

- Start Up Costs
- Inventory
- Fixture
- Equipment & Real Estate/Buildings
- Refinance Business Debt
- Change of Ownership
- Remodels on Leased Buildings
- Working Capital

SBA Express Loans

Up to \$350,000

- Start Up Costs
- Inventory
- Fixture
- Equipment & Real Estate/Buildings
- Refinance Business Debt
- Change of Ownership
- Remodels on Leased Buildings
- Working Capital
- Lines of Credit

7 to 10 year maturity for Working Capital & Equipment
25 year maturity for real estate

SBA Eligibility Requirements

- A Business must be For Profit
- One that is located in the United States
- Owned by U.S. Citizens or legal permanent residents
- Open to the public on a non-discriminatory basis.
- Owners must be of “good character”
- Owners must possess management ability and have experience in field.
- Demonstrate repayment ability
- Not engaged in lending, real-estate development, investments, promoting illegal activities

Size Standard

- Must meet Industry Standard based upon Number of Employees or Annual Receipts:
 - Wholesaling 100 employees
 - Retailing from \$6.5 million to \$26.5 million
 - **Grocery stores up to \$32.5 million**

www.sba.gov/size

- Alternative Size Standard:
 - Net-worth less than \$15,000,000 and
 - Net-profit (after taxes) less than \$5,000,000

Credit Criteria

- Is Business Realistic/Viable
- If Refinancing Debt, does it improve the finances of the business?
- Do You Have Management Ability
- Repayment Ability
- Adequate Cash Flows
- Sufficient Down Payment
- Collateral
- Good Credit

*The business must be able to meet all of it's debt payments **(Not Just the SBA Portion)** when being considered for a loan*

Collateral

- Personal guaranties from principals owning 20% or more of business
 - The lender or SBA can also require owners of less than 20% to guaranty the loan
- Liens on personal assets may be required
 - **A personal residence is taken as collateral when:**
 - Collateral shortfall
 - The participating lender requires it
- Loans are not declined for insufficient collateral
- **A 7(a) loan must be fully secured or secured to the extent possible with available collateral** (both business and personal)

Guaranty Fees

- Term over 12 months
- NO FEE- up to \$125,000 (FY 2018)
- 2%- over \$125,000-150,000
- 3%- over \$150,000-\$700,000
- 3.5%- over \$700,000+
- Additional Fee of .25% on guaranteed amount in excess of \$1 million – 3.75%

Fees charged on guaranteed portion of loan only

Veteran's Advantage

- Fee relief offered to veterans and their spouses under the SBA's loan programs with the exception of the 504 loan program.
- SBA Express Loans
- 100% reduction in guaranty fees independent of loan amount up to \$350k
- Loan Programs with a 50% reduction in guaranty fees for loans between \$150k and \$500k
- Regular 7(a) term loan
- CapLine Loan Products
- Export Loan Products
- Community Advantage Loans



CDC-504 Loans

\$25,000 to \$5,000,000

For financing **real estate** and or **equipment** only

Three part loan

- Commercial lender provides 50% (1st Lien)
- 504-CDC portion is up-to 40% (2nd Lien)
- Owner/Borrower makes up the difference

504-CDC part term

- 25 year fixed rate for real-estate (not available until July)
- 20 year fixed rate for real-estate (June 2018 = 5.320%)
- 10 year fixed rate for equipment (June 2018 = 5.298%)

Administered through Certified Development Companies

MicroLoan

- Loans \$500 up to \$50,000
- Maximum term – 6 years
- Interest rate negotiated between lender & borrower
- May be used to purchase machinery & equipment, fixtures, leasehold improvements, and working capital
- May not be used for real estate
- May not be used for debt payment
- SBA not involved in the application or approval process (direct loans from non-profit intermediary lenders)

Example Loan Structure

- Commercial Real Estate - SBA 504 loan
- Working Capital & Inventory - SBA 7(a) guaranteed loan
- Fixtures – Partner Loan funds
 - (Microloan, Main Street Matching, Capital Multiplier, or other state business fund from tax credits)



U.S. Small Business Administration Questions

Thank You

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