



Small Business Administration



U.S. Small Business Administration

SBA Loan Programs & Lender Relations Presentation

Your small business resource.

Helping small businesses
start, grow and succeed.



Economy Recovery

U.S. Small Business Administration

Euhoe Park

Acting Lead Lender Relations

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Los Angeles District Office

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7(a) Loan Guaranty Program

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- SBA's primary loan program
- Apply for loan guaranty with participating SBA lender
- Lender submits application for SBA review and approval
- After SBA approval, lender disburses funds

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Use of Proceeds

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- 7(a) loans may be used to:
- Expand, renovate facilities;
- Buy machinery, equipment, fixtures, buildings and land for business;
- Finance receivables
- Augment working capital

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Use of Proceeds

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- Refinance existing business debt (compelling reason)
- Buy inventory
- Construct/Purchase commercial buildings

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Eligibility Requirements

- **Businesses must:**
 - Be operated for profit
 - Not exceed size standards
- **Not engage in:**
 - Lending
 - Real-estate speculation
 - Investments

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Terms

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- Flexible maturities:
- Up to 7 to 10 years for working capital
- Machinery and equipment 10 years
- 10 years for business acquisition
- Up to 25 years for fixed assets:
 - Real estate
 - Construction
 - Heavy machinery and equipment

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Interest Rates

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- Negotiated between borrower and lender
- Cannot exceed Prime Rate plus 2.75%

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Collateral

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- Personal guaranties from principals owning 20% or more
- Liens on personal assets may be required
- Loans are not declined for insufficient collateral

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SBA's Micro-loan Program

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- Provides extra funding for micro-lenders across the country
- Provides \$50 million in new SBA micro-loans to be delivered by non-profit community-based intermediary lenders
- Loans can be up to \$35,000
- Loans come with technical assistance and training for every borrower.

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SBA Economic Recovery Act

America's Recovery Capital (ARC) Loan Program

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(Pending completion of Regulations):

- Offers deferred-payments loans of up to \$35,000 backed 100 percent by SBA to viable small businesses that need help making payments on an existing qualifying loan for up to six months
- Gives small businesses more temporary financial relief, gets their cash flow back on track to maintain existing jobs and ultimately create new jobs
- Repayment does not begin until 12 months after the loan is fully disbursed.
- ARC loans cannot be made to cover payments on an existing loan that was guaranteed by SBA before February 17, 2009.

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SBA Economic Recovery Act

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- For more information on SBA's other loan programs, technical or procurement assistance programs, contact:

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SBA Los Angeles District Office at
818-552-3201

or

Visit our website at www.sba.gov

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