

*WELCOME TO*

# America's Small Business Resource



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

11/9/09

# *U.S. Small Business Administration*

## *Major Programs*

- **Technical Assistance**
- **Procurement Assistance**
- **Financial Assistance**

# TECHNICAL ASSISTANCE

*For more information go to [www.sba.gov/va](http://www.sba.gov/va)*



Service Corp of Retired Executives

11 chapters in Virginia

[www.score.org](http://www.score.org)



VA Small Business Development Centers  
29 centers in the Virginia

[www.virginiasbdc.org](http://www.virginiasbdc.org)



Women's Business Centers  
Richmond and Springfield, VA

[www.nvnv.org](http://www.nvnv.org)

[www.wbcnova.org](http://www.wbcnova.org)



# TECHNICAL ASSISTANCE

SCORE

SBDC

WBC

One-on-one Counseling

Seminars

Information Resource

Training Programs

## One-stop assistance

- Marketing
- Accounting
- Organizational
- Business Planning
- Cash Flow Management
- Government Procurement
- Business Licensing and Regulations

# PROCUREMENT ASSISTANCE

## Minority Business Development & Government Contracting Programs

- 8(a) Business Development Program
- Small Disadvantaged Business (SDB) Program
- HUBZone Empowerment Contracting Program
- Surety Bond Guarantee Program
- Service-Disabled Veteran-Owned Small Business (SDVOSB) Program

# Financial Assistance

## SBA's Role in providing Financial assistance

- SBA does NOT provide grants

[www.grants.gov](http://www.grants.gov)    [www.cfda.gov](http://www.cfda.gov)

- SBA does NOT make DIRECT loans

except under its Disaster lending programs

- SBA DOES PROVIDE:

Loan Guaranty on loans made directly by banks with the SBA's backing.



# Financial Assistance

- 7(a) Loan Program
- 504 Loan Program

# Financial Assistance

## 7(a) Loan Guaranty Program

Loans may be used for any reasonable business purpose including:

Equipment

Debt refinancing

Inventory

Business purchase

Real estate

Working Capital

Franchise

[www.franchiseregistry.com](http://www.franchiseregistry.com)



# Financial Assistance

## 7(a) Loan Guaranty Program

### *Maximum Loan Maturities*

- Working Capital                      5-7 years
- Real Estate                              up to 25 years
- Machinery                                useful life of asset
- Just about everything else is 10 years

# Financial Assistance

## 7(a) Loan Guaranty Program

### *SBA Interest Rate Policy*

- Terms of less than 7 years  
Prime + 2 1/4%
- Terms of 7 years or more  
Prime + 2 3/4%
- *SBA Express* Loans & Loans less than \$50,000 may have higher interest rates

# Financial Assistance

## *7(a) Loan Guaranty Program*

### *SBA General Eligibility Criteria*

- ◆ **Must be for profit**  
Not engaged in lending, real-estate development, investments or speculation
- ◆ **Must be small** [www.sba.gov/size](http://www.sba.gov/size)
- ◆ **Must have a sound business purpose**
- ◆ **Good Credit**
- ◆ **Good Character**
- ◆ **Equity Investment**



# Financial Assistance

## 7(a) Loan Guaranty Program

Maximum **\$2,000,000** loan limit

-*SBA Express*: Up to **\$350,000**

-Patriot Express: Up to **\$500,000**

-SBA CommunityExpress - Up to \$250,000

# Financial Assistance

## 7(a) Loan Guaranty Program

### ***SBA Express***

- Uses lender's forms — not SBA's
- Loans or revolving lines of credit to \$350,000  
(Export Express up to \$250,000)
- SBA guaranty of 50% to the bank
- 36-hour response from the SBA

# PATRIOT EXPRESS

- Similar to *SBA Express* but only open to the military community and their spouses
- Loan Limit increased to \$500,000
- Guaranty increased to 7(a) levels
- Interest rates lowered to 7(a) levels



# Patriot Express Eligibility

- Veterans
- Active Service members eligible for TAP
- Reservists and National Guard Members
- Current Spouses of the above
- Widowed Spouses of the any of the above who died during service or from service-connected disabilities

# Financial Assistance

## 7(a) Loan Guaranty Program

### *Community Express Loan Program*

- ◆ Loan up to \$250,000  
(lenders may set lower limits)
- ◆ All other 7(a) criteria applies
- ◆ Technical Assistance (T/A) Available

Find updated list of T/A providers at

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

# Financial Assistance

## *504 Loan Program*

### Certified Development Companies

Maximum SBA/504 Debenture Financing\*\*\*

\$1,500,000

- ◆ \$2,000,000 for Public Policy Loans
- ◆ \$4,000,000 for Small Manufacture

This is currently proposed to be increased to \$5 million

\*\*\*Excluding the bank financing and equity injection



# Financial Assistance

## *504 Loan Program*

Certified Development Companies

### Typical 504 Structure

Bank financing required for 50% of cost

CDC/SBA may finance 30-40% of project

Business normally invests 10-20% of the cost

# Financial Assistance

## *504 Loan Program*

### Certified Development Companies

- ◆ Fixed asset financing only
- ◆ Long term - 10 or 20 years
- ◆ Low fixed rate of interest
- ◆ Generally requires job creation
- ◆ Certain loans may now be refinanced into the SBA 504 loan
  - ◆ Refinancing limited to 50% of expansion

# SBA Nationwide Loan Volume

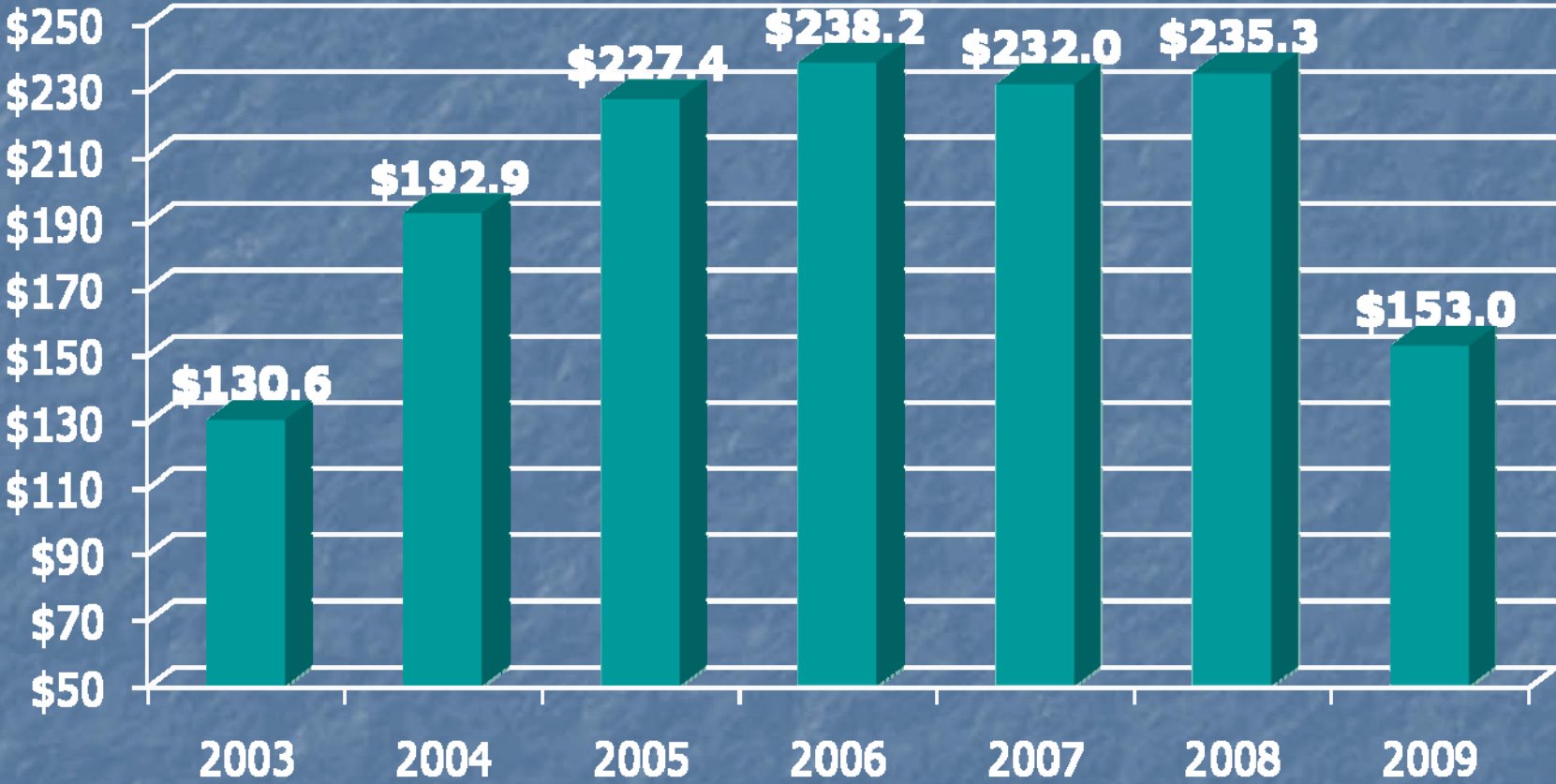
Dollars in Billions



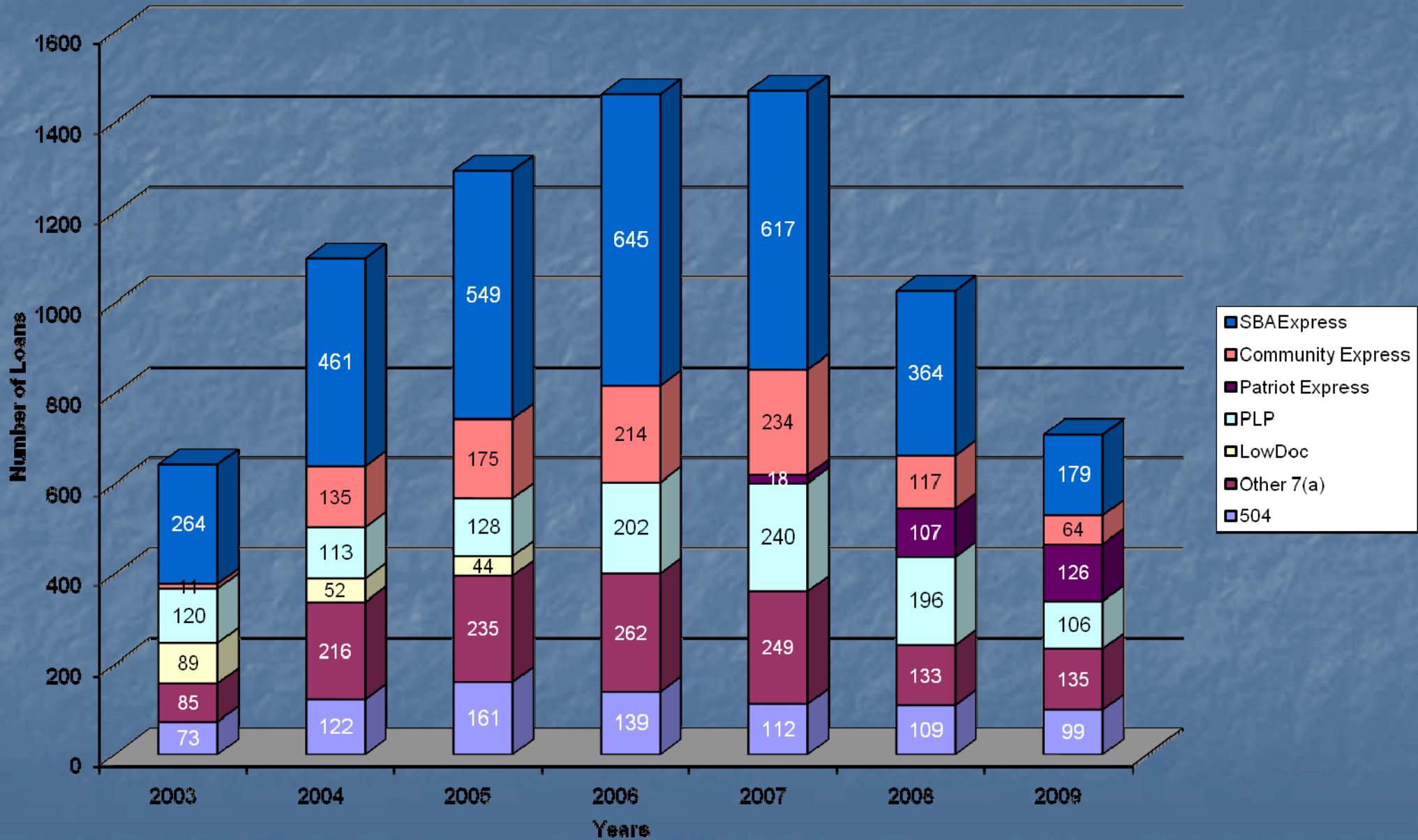


# Richmond District Loan Volume

Dollars in Millions



### Loans by Delivery Method - Richmond



# American Recovery & Reinvestment Act of 2009

- The bill provided \$730 million to SBA and makes changes to the agency's lending programs so that they can reach more small businesses that need help. The funding includes:
  - \$375 million for temporary elimination of Borrower's Fee
  - \$255 million for a new loan program to help small businesses meet existing debt payments tentatively called the American Recovery Capital (ARC) Loan Program
  - Increase SBA guaranty percentage to 90% for most loan programs



# 7(a) 2009 Loan Program Enhancements

Loan Programs receiving a 90% guaranty are:

Regular 7(a), PLP, CLP, Community Express,  
Patriot Express, Export Express, and Small/Rural  
Lender Advantage.

*SBAExpress* remains at 50%

# How Long will these enhancements last?

- SBA will eliminate upfront guaranty fees and increase guaranty percentages until about March 28, 2010.
  - 12/19/09 - Additional \$125 million authorized
  - 3/2/10 – Additional \$60 million authorized
- ARC Funding may last until September 2010

# American Recovery Capital (ARC) Loan Program

Loans to viable small businesses that have a qualifying small business loan and are experiencing immediate financial hardship. Viable may be simply showing ability to repay the loan.

Program parameters include:

- a) Maximum Loan is \$35,000
- b) Proceeds shall be used to make full or partial P & I loan payments on qualifying loans for a period of time not to exceed 6 months.
- c) Have a 100% SBA Guaranty
- d) No Guaranty Fee (or other SBA fee)
- e) Have interest fully paid by SBA for the period of the loan – Prime plus 2%
- f) Repayment does not begin until 12 months after final disbursement of funds.
- g) Maximum Term is 6.5 years



# Nationwide ARC Lending through March 5, 2010

- 6,484 loans (79 in Virginia)
- \$209,394,892 (\$2,406,134 VA)
- 49 states (plus DC)
- 1,175 lenders (23 in Virginia)
- 667 industries

# Virginia ARC Loans YTD

■ Old Point National Bank	16	■ Farmers & Merchants	1
■ StellarOne	13	■ First Bank & Trust	1
■ SunTrust Bank	13	■ First Capital Bank	1
■ Frontier Community Bank	7	■ First Market Bank	1
■ Virginia Company Bank	6	■ Jefferson Security Bank	1
■ Wells Fargo	5	■ Park View FCU	1
■ UVA Community CU	4	■ River Community Bank	1
■ Central Virginia Bank	3	■ Surrey Bank and Trust	1
■ Peoples Bank of Virginia	3	■ Union Bank and Trust	1
■ Bank of Lancaster	2	■ United Bank	1
		■ Virginia National Bank	1

Through March 5, 2010

# SBA Recovery Efforts Impact

- **Loan Volume Has Increased 76 %**
  - As of October 30, SBA has supported \$13.9 billion in small business lending with the approval of \$10.2 billion in loans since Feb. 17.
- **More Lenders Making Loans**
  - From Feb. 17 to September 30, more than 1,260 lenders that had not made a loan since Oct. 2008 made 7(a) or ARC loans.



# Secondary Markets Uptick

- After months of reduced activity and lower premiums, the SBA 7(a) secondary market is picking up and premiums are beginning to recover.
- From May to September, the average monthly loan volume was \$348 million.
- This has provided lenders with additional liquidity to increase lending.

# Other Recovery Programs

- Size Standards Temporarily Increased
  - Including its affiliates, the applicant's tangible net worth may be up to \$8.5 million, and average net income after Federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years may be up to \$3.0 million.
- Floor Plan Financing is now eligible for certain industries

U.S. Small Business Administration  
Richmond District Office

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

A close-up photograph of two hands shaking, symbolizing partnership and agreement. The hands are positioned in the center of the slide, with the text and logo overlaid on them.

*THANK YOU  
& Good LUCK*



Your partner for success