



Resources & Services

U.S. Small Business Administration
NJ District Office
Newark NJ

www.SBA.gov

SBA Helps America Grow

To Start, build, and Grow small businesses

- Financial assistance to procure funding for various types of small businesses
- Management training programs
- Specialized outreach to women, minorities, and armed forces veterans
- Federal contract procurement assistance
- Assistance in international trade
- Loans to victims of natural disasters

SBA Services to Small Business





Counseling & Training

www.SBA.gov

Counseling and Training

Local Resource Partners

- **Free/Low Cost Online and Classroom Training**
 - Calendar for available classes can be found at:

<https://www.sba.gov/NJ>

SBA LEARNING CENTER

- **Free Consulting & Training Online**

<https://www.sba.gov/LearningCenter>



Local Resource Partners

- Small Business Development Centers (SBDC)

www.sba.gov/sbdc

- Counselors to America's Small Business (SCORE)

www.score.org/mentors

- Women's Business Centers (WBC) www.sba.gov/women

- Veterans Business Assistance www.sba.gov/veterans

Assistance Offered:

For Start Up and Existing Businesses

- Business Plan preparation
- Marketing
- Business set-up
- Environmental challenges
- HR
- Accounting
- Manufacturing
- Distribution
- Customer Service



CAPITAL

LENDER MATCH

Small Business Administration | <https://www.sba.gov/lendermatch>

SBA U.S. Small Business Administration

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[Business Guide](#) [Funding Programs](#) [Federal Contracting](#) [Learning Center](#) [Local Assistance](#) [About SBA](#)

Lender Match helps you find lenders.

Lender Match (formerly LINC) is a free online referral tool that connects small businesses with participating SBA-approved lenders.

FIND LENDERS



Government Contracting

Contracting

- Federal government awarded over \$500B in contracts a year for everything from armored vehicles to paperclips
- SBA works with agencies to award at least 23% of all prime government contracts to:
 - small businesses
 - small disadvantaged businesses
 - women-owned businesses
 - service-disabled veteran owned businesses
 - businesses located in underutilized business zones.
- Free training available on how to Get Started in Contracting
- For more information go to www.sba.gov or the
Resource Guide for Small Business



Why an SBA Loan?

Lender Certifies why an SBA loan is needed!

SBA Guarantee reduces lender's risk

- Insufficient Collateral
- Non-standard Repayment Terms
- Industry Concentration
- Startups



SBA Guaranteed Loan Program makes financing available that may not otherwise be

How does it benefit the Borrower



- Competitive terms
- Counseling and education
- Unique benefits

SBA FINANCING

Qualifiers

- The Business Must Be:
 - For-Profit – so can create jobs for the economy
 - Independently owned and operated
 - Meet SBA Size requirement
 - www.SBA.gov/size
 - U.S. citizen or a legal resident

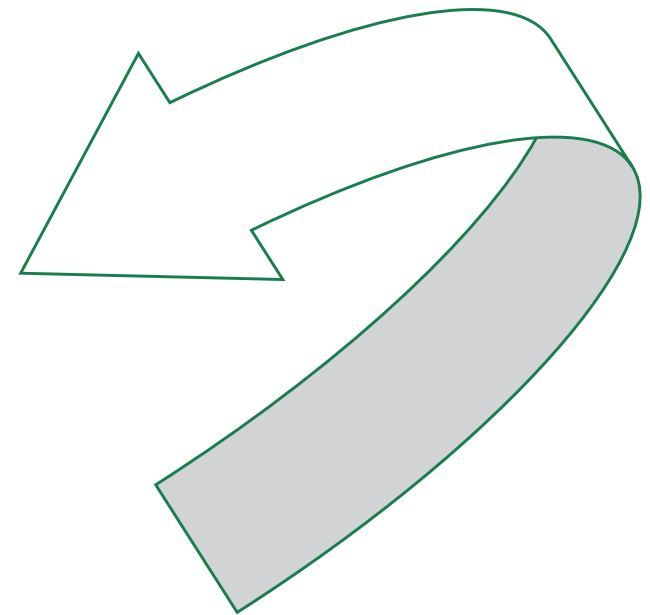


SBA FINANCING

Disqualifiers

Ineligible for Financing:

- Lending /Relending Activities
- Non profit Institutions
- Real Estate Investment
- Pyramid Sales Plans
- Illegal Activities
- Probation/Parole/Pending Criminal Charges
- Default on Federal Government Debt



SBA Financing



Business Applies Directly with Lender

SBA Guarantees Loans Made by Lender

Lender disburses the loan directly to Business

What Lenders Look For

- Character
- Capacity
- Collateral
- Capital
- Conditions



Character



- Background, Education, Experience
- Impression you make on the lender or investor, quality of references
- Feasible Business Plan is very important
- Personal and business credit history
www.annualcreditreport.com

Capacity

- CASH FLOW! How soon can business generate positive cash flow?
- What is trend of cash flow?
- Is company able to repay the amount borrowed?
- When will company show a profit?
- Can the profit be sustained?



Collateral

SBA LOANS ARE PERSONALLY GUARANTEED

- Tangible assets
- Property
- Equipment
- Accounts receivable
(Less than 90 days)
- Inventory



Capital



- Money personally invested
- Documentation of investment is very important
- Ability to save money and accumulate growth in owner's equity
 - Found in Financial Projections
- True gifts and grants do count towards owner's equity injection

Got Grants?

Grants usually don't provide personal financial assistance or provide funding to maintain a business.

- Usually intended to carry out a public purpose of support or stimulation.
- When they are offered, they can be found as follows:
Federal Government Grants: www.grants.gov

Conditions



TERMS OF THE LOAN

- Intended purpose of loan?
- How much is requested?
- Length of loan?
 - Working Capital
 - Standard 3-5
 - SBA up to 10 years
 - Furniture & Fixtures = useful life
 - Equip & Machinery = useful life
 - Real Estate = up to 25 years
- Local economic climate of industry?



Loan Programs

SBA 7(a) Loan Program

- **Loan Amount**

- Total amount up to \$5 M

- **Interest Rates**

- Negotiable Between Borrower and lender
- Maximum Interest Rates
- < 7 Year Term = Prime + 2.25%
- \geq 7 Year Term = Prime + 2.75%

- **Guarantees**

- \leq \$150K = 85%
- > \$150K = 75%



SBA 7(a) Loan Program

Use of Proceeds


- Working Capital
- Inventory
- Lines of credit
- Expansion / Renovation
- Leasehold improvements
- Land or buildings
- Furniture / fixtures / equipment
- Refinance debt for compelling reasons



SBA 7(a) Loan Program

SBA Guarantee Fees

- Fees can be included in and amortized over life of the loan
- Calculated on guaranteed portion of loan
 - Maturity ≤ 1 year = 0.25%
 - Maturity > 1 year
 - $\leq \$150K = 2\%$
 - $\$150K - \$700K = 3\%$
 - $> \$700K = 3.5\%$
 - $\geq \$1M = 3.75\%$
- To Honor our Veterans
 - SBA Express Loans = 0% Fee



Fees only on guaranteed portion – not total loan amount

SBA 7(a) Loan Program

Prepayment

- Maturity < 15 Years – No Prepayment Penalty
- Maturity \geq 15 years – Prepayment Penalty if:
 - Loan prepays 25% or more during first 3 years
 - Prepayment fee on sliding scale
 - Year 1 fee is 5%
 - Year 2 fee is 3%
 - Year 3 fee is 1%



SBA Express

- **Term**
 - Line of Credit: 10 year term max
 - Designated lenders can offer flexible smaller loans and can approve quickly
- **Loan Amount and Guarantee**
 - Loans up to \$350K = 50% Guarantee
- **Maximum Variable Interest Rates:**
 - $\leq \$50K = \text{Prime} + 6.5\%$
 - $> \$50K = \text{Prime} + 4.5\%$
- **Eligibility**
 - Same as SBA 7a Loan
 - Must meet type of business eligibility



SBA *MICRO*Loan Program

- Maximum Loan Amount: \$50,000
- No Guaranty fee
- Term Loan only, shortest maturity possible: Maximum of 6 years
- Maximum Interest Rate: Negotiable with Lender
- Uses:
 - Working Capital
 - Purchases Supplies
 - Leasehold Improvements
 - Revolving Line of Credit
 - No Real Estate
- Mandatory Pre and Post loan business training, free from lender
 - www.SBA.gov/microloans



SBA 504 Loan Program

Program Details

- Maximum Loan Amount \$5M
- Acquisition of Capital Assets
- Loan Structure:
 - 50% of Loan is Lender's risk
 - 40% is 504 Loan, sold in secondary mkt
 - 10% is equity provided by Borrower
- Guaranty Fee: 1.5% on 40% portion
- Long Term Fixed rate financing
- Generally 20 Year Terms (soon to be 25)
- Refinancing Available
- Prepayment Penalty for first ½ of life of loan

1st Mortgage
50%
Lender

2nd Mortgage
40%
CDC
SBA 504 Guaranty

10% Borrowers
equity

SBA Special Purpose Export loans



- Loan amounts up to \$5M
- Term Loan or Line of Credit
- Quick Processing Time
- Low Guaranty Fee



The Following Companies started with SBA Financing

SBA Alumni.....





QUESTIONS?

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WWW.SBA.GOV/NJ