

SBA Programs & Services

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Primary SBA Programs & Services

- Entrepreneurial Development
- Financing loan guarantee programs/other sources of financing
- Government Contracting
- Minority Business Development

Entrepreneurial Development

- E-Business Institute
- SCORE (Service Corp. of Retired Executives)
- SBDC (Small Business Development Centers)
- BIC (Business Information Center)

SBA E-Business Institute

**Cosponsored
Courses and
Resource Areas**

**SBA on-line
Courses**

**Library & on-line
Research Materials**

**Business
Counselors**

Comments to SBA

Articles, etc.

SCORE

- Volunteer association sponsored by SBA
 - Retired executives with various business and industry expertise (some members actively employed).
 - Provide one-on-one free consultation
 - Conduct seminars and workshops throughout LA county
 - on-line consultation available
 - web site presence www.scorela.org

SBDC

- An SBA resource partner
 - provide managerial and technical assistance to start-up and existing businesses.
 - assistance provided for SBA loan packaging
 - free business consultation
 - seminars and workshops provided on various business topics.

BIC

- Collaborative effort between SBA, SCORE and SBDC
 - one stop shop environment
 - reference/resource library
 - computers
 - free consultation
 - seminars and workshops

SBA Loan Programs

**7(a) loan
program**

**Low
Documentation
loan**

SBA Express

**Export Working
Program**

**International Trade
Loan Program**

**SBA 504 Loan
Program**

**Microloan
Program**

**Pre-Qualification
Loan Program**

Use of Proceeds

- Expand or renovate facilities.
- Purchase machinery, equipment and fixtures.
- Construct a commercial building.
- Acquire land or a building for your business.
- Specific industry purposes, such as import/export.

Common Loan Programs

- SBA Community Express Program
- 7(a) loan guaranty program
- Specialized Programs
 - Pre-qualification loan program
 - SBA Express
 - Micro-Loan program
 - 504 loan program

SBA Community Express

\$5,000

\$10,000

\$15,000

- Eligibility

- 51% owned and operated by a minority, veteran or woman
- No bankruptcy history for the last 3 years
- No criminal history
- Minimal paperwork
- 3-week turnaround

- Requirements

- Copy of DBA/Fictitious Name Statement
- Franchise Agreement
- Articles of Incorporation
- Copy of Driver's License or State Photo ID
- Business Account
- Voided Business Check
- \$475 Processing fee

7(a) Loan Guaranty Program \$35,000 - \$2,000,000

- SBA's primary loan program
- Must meet eligibility requirements
 - Business must operate for profit
 - Business must fall within the maximum size standards
 - Size standards chart, pg. 20 of Small Business Resource guide.
 - Detailed size standards chart found at SBA web site, www.sba.gov.

Specialized loan programs under 7(a)

- Pre-Qualification - \$35,000 - \$250,000
 - Qualifying businesses are at least 51% minority, veteran or woman owned and operated.
 - No bankruptcy history for the last 10 years
 - No criminal history
- SBA Express – up to \$250,000
 - Preferred lenders authorized to process and service these loans.
 - SBA guarantees up to 50 percent
 - Certain documentation not required; dependent upon lender.
- Micro-loan – up to \$35,000

Terms, Interest Rates and Fees

- Repayment
 - 5 to 10 years for working capital
 - up to 25 years for real estate
- Interest Rates
 - Pegged at no more than 2.75% over the prime rate.
- Fees
 - SBA charges the lender a nominal fee for the guarantee.
 - Lender passes this charge on to borrower.
 - Based on the maturity of the loan and the dollar amount SBA guarantees (p.20).

Specialized loan programs under 7(a) continued...

504 loan program

- purchase, construct or expand an owner occupied commercial real estate.
 - must occupy 51% of the proposed building
 - 10% to 15% equity injection

Required Documents for 7(a) and Specialized 7(a) loan guaranty programs

- Current credit report with a FICO of 640 or higher
- Current financial statement on the business (if existing business, from January 2005 until today).
- Last 3 years of Tax Returns on the business (no extension).
- Last 3 years of Personal Tax Returns (no extension).
- Personal Financial Statement (on all principals with 20% or more ownership in the business.)
- Resumes on all principals and key managers
- Business Plan (Start-Up Businesses)
- Business Summary Plan (Existing Business 3 years or more).
- Personal Budget Statement
- *Borrower equity injection of 25% to 33% is required for all business loans.*
- *504 program require a 10% to 15% equity injection*

5 C's of Credit

- Character
- Cash Flow
- Collateral
- Capitalization
- Conditions

Government Contracting

Government Contracting
Assistance

Surety Bond Program

CCR

HUBZone Empowerment
Contracting

Government Contract Assistance

- The Prime Contracts Program
 - Procurement center representatives (PCRs)
 - Traditional PCRs
 - Breakout PCRs
- The Subcontracting Assistance Program
 - Commercial Market Representatives
- The Certificate of Competency Program (COC)
- Size Determination Program

Surety Bond Program

- Contract bonds covered by SBA guarantee:
 - Bid, Payment, performance and ancillary
- Eligibility Requirements
 - Contractor must qualify as a small business
 - Contact Los Angeles SBA office for additional eligibility requirements.

CCR (Central Contractor Registration)

- A standardized government-wide registration procedure to obtain contractor information.
- A single registration for contractors that conduct business or are interested in conducting business with the federal government.

HUBZone Empowerment Contracting

- Historically underutilized business zones (HUBZones)
 - Encourage economic development through establishment of preferences for awarding of federal contracts to small businesses located in a HUBZone.
 - Eligibility

Minority Business Development

- Minority Business Development - 8(a) Business Program
- Small Disadvantaged Business Certifications

Minority Business Development - 8(a) Program

- Business development to help socially and economically disadvantaged business owners
 - accomplished by the following:
 - one-on-one counseling
 - training workshops
 - assistance in expanding into federal government contracting activity
- **Eligibility Requirements:**
 - social disadvantaged/economic disadvantaged
 - individuals must have management or technical expertise related to the primary product or service of business.
 - business established for 2 full years before applying.
 - individuals must have a net worth less than \$250,000
 - must meet size standards

Small Disadvantaged Business Certifications

- SDB certification provides benefits to federal procurement
- Eligibility Requirements
 - similar to 8(a)
 - all individuals must have a net worth of less than \$750,000, excluding the equity of the business and primary residence.

THANK YOU!