



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

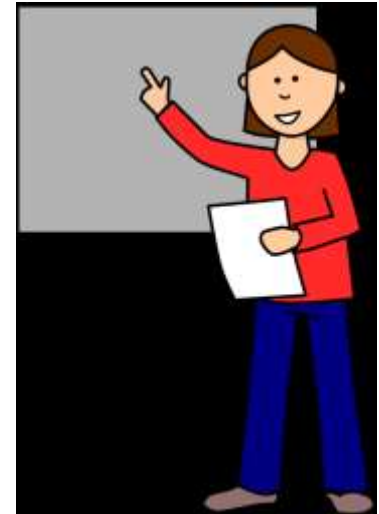
- **Free/Low Cost Online and Classroom Training**
 - Calendar for available classes can be found at:

<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

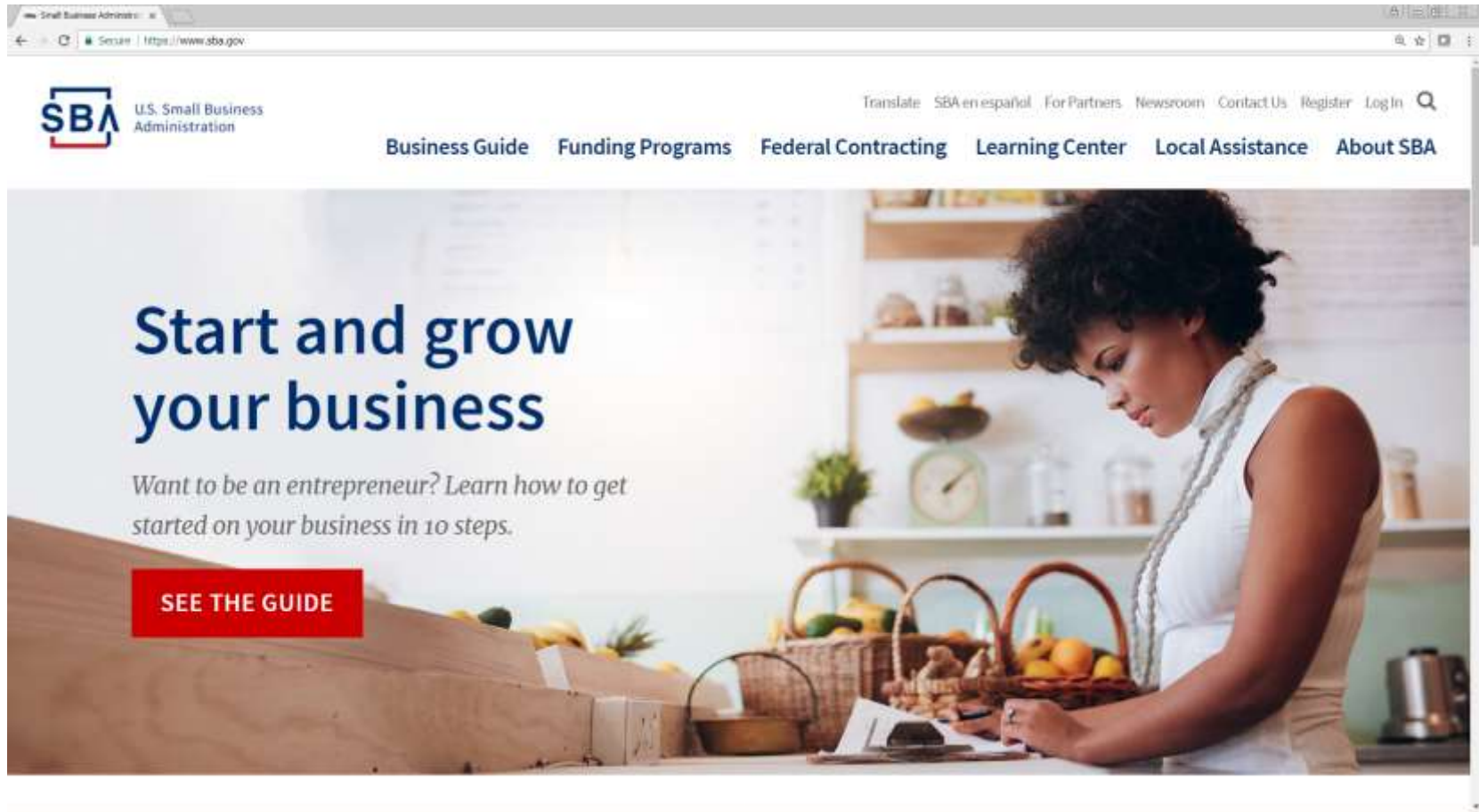
Assistance Offered:

For Start Up and Existing Businesses

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

www.SBA.gov

Learning Center



The image is a screenshot of the SBA.gov Learning Center homepage. At the top left is the SBA logo with the text "U.S. Small Business Administration". To the right of the logo is a navigation menu with links for "Business Guide", "Funding Programs", "Federal Contracting", "Learning Center", "Local Assistance", and "About SBA". Further right are links for "Translate", "SBA en español", "For Partners", "Newsroom", "Contact Us", "Register", and "Log In", followed by a search icon. The main content area features a large background image of a woman in a white sleeveless top and a long necklace, looking down at a laptop in a kitchen setting with baskets of fruit. Overlaid on the left side of this image is the text "Start and grow your business" in a large, bold, blue font. Below this is the subtext "Want to be an entrepreneur? Learn how to get started on your business in 10 steps." in a smaller, italicized font. At the bottom left of the image is a red rectangular button with the white text "SEE THE GUIDE".

U.S. Small Business Administration

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Business Guide Funding Programs Federal Contracting Learning Center Local Assistance About SBA

Start and grow your business

Want to be an entrepreneur? Learn how to get started on your business in 10 steps.

[SEE THE GUIDE](#)

SBA Learning Center

- **Plan your Business**
 - Business Plan Writing
 - Legal requirements
 - Financing options
 - Young entrepreneurs
- **Launch Your Business**
 - Sales for small businesses
 - Social Media Marketing
 - Finding and Attracting Investors
 - Savings plans for businesses
- **Managing your business**
 - Intro to Accounting
 - Marketing 101
 - Understanding your customer
 - Customer Service
- **Grow your business**
 - Growing an established company
 - Taking business global
 - Government contract proposals
 - Mentor Protégé programs

Just to name a few!



CAPITAL

LENDER MATCH

Small Business Administration

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

LENDER MATCH

- **1. Describe your needs**
 - Answer a few questions about your business in as little as five minutes.
- **2. Get matched in 2 days**
 - Receive an email with contact information of lenders who express interest in your loan.
- **3. Talk to lenders**
 - Compare rates, terms, fees, and more.
- **4. Apply for a loan**
 - Submit loan applications and paperwork. You're well on your way to securing a business loan!



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 and the *Resource Guide for Small 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? Are all earnings reported?
- When will company show a profit?
- Can the profit be sustained?
- Do we have the best/worst case scenarios?



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?



Why an SBA Loan?

Lender Determines if an SBA loan is needed!

Your loan is viable, cash flow, repayment OK

But there is something that is risky

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



SBA Guarantee reduces lender's risk

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

SBA FINANCING

Qualifiers

- **The Business Must Be:**
 - **For Profit**
 - **Independently owned and operated**
 - **Meet SBA “small” size requirement**
 - **www.SBA.gov/size**
 - **Owner is U.S. citizen or a legal resident**

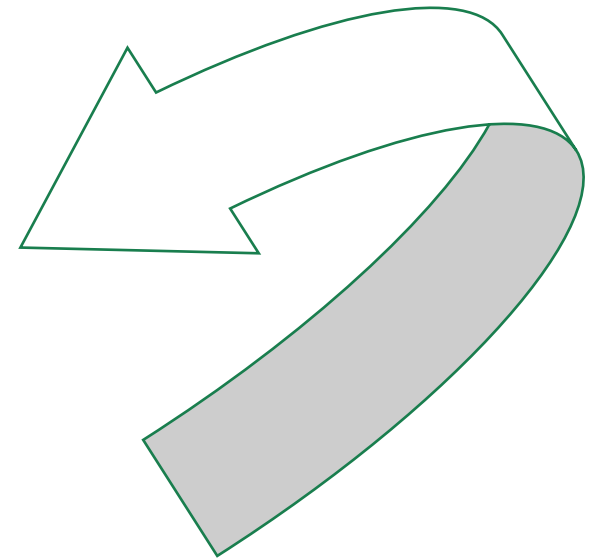


SBA FINANCING

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**



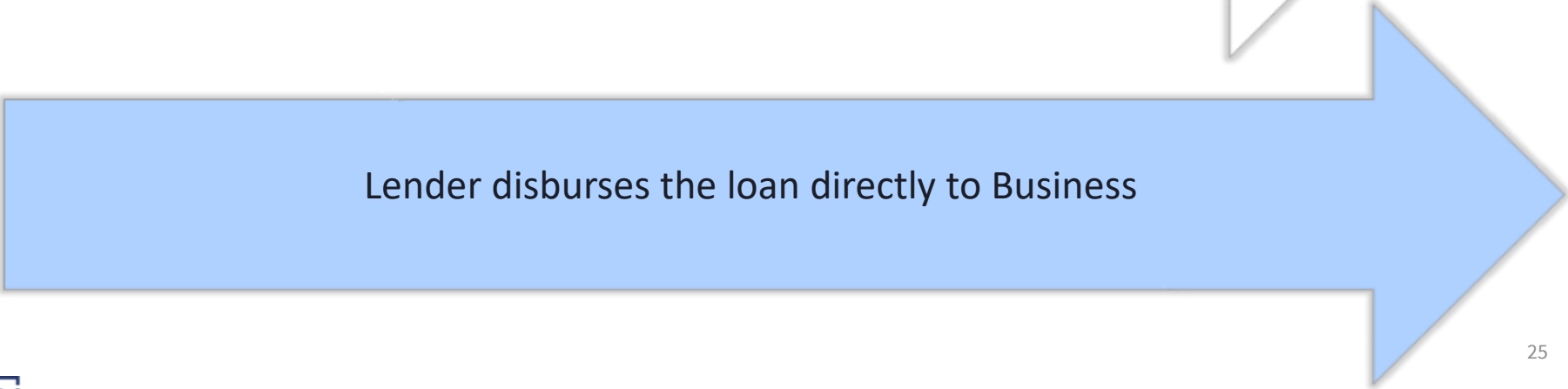
SBA Financing Works This way:



Business Applies Directly with Lender



SBA Guarantees Loans Made by Lender



Lender disburses the loan directly to Business



Loan Programs

SBA 7(a) Loan Program

- **Loan Amount**

- Maximum \$5 M
- Fixed Rate

- **Interest Rates**

- Negotiable Between Borrower and lender
- Maximum Interest Rates set at:
 - < 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 for business
- Furniture / fixtures / equipment
- Refinance debt for compelling reasons



SBA 7(a) Loan Program

Required Fees

(Subject to availability of funds, fees waived until September 30, 2021 per Economic Aid Act, Dec 27, 2020)

- 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
 - $\leq \$150K = 2\%$ (until 09/30/2021)
 - $> \$150,001 - \$700,000 = 3\%$
 - $> \$700K$ to $\$5,000,000 = 3.5\%$
 - $\geq \$1M =$ additional 3.75%
 - 504 Loans
 - All loans 0.50%

Fees only on guaranteed portion – not total loan amount

SBA 7(a) Loan Program

Prepayment

- Maturity < 15 Years – No Prepayment Penalty
 - (generally working capital, machinery & equipment)
- Maturity \geq 15 years – Prepayment Penalty if:
 - (generally real estate)
 - 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 Guaranty – Economic Aid Act Guidelines through Sept 30, 2021**
 - Loans up to \$350K = 75% Guaranty
 - Loans greater than \$350K to \$1M = 50% Guaranty
 - Loans available to \$500K = 50% Guaranty starts 10/1/2021
- **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: 6 years
- Maximum Interest Rate: Negotiable with Lender
- Uses:
 - Working Capital
 - Purchases Supplies
 - Leasehold Improvements
 - 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: 0.50% until 9/30/2021
- Max rate on Lender's loan- prime + 6%
- Long Term Fixed rate financing (10,20, or 25 years)
- Generally 25 Year Terms
- 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



- 3 Types of SBA Export Loans
 - Export Working Capital
 - International Trade Loan
 - Export Express – Max \$500K
- Loan amounts up to \$5M
- Term Loan or Line of Credit
- Quick Processing Time
- Low Guaranty Fee

Sampling of SBA export Businesses

- Emergency gear wholesaler
- Craft brewery
- Roller coaster contractor
- Heavy trucking contractor
- Parachute harness maker
- Seafood processor
- Data center services
- Food processor
- Aerospace parts maker
- Public relations
- Management consulting
- Medical device maker
- Herbs & spices wholesaler
- Wire fabric manufacturer
- Computer software maker
- Winery
- Used & refurbished equipment vendor
- Video game designer
- Specialty popcorn maker
- Fruit packer
- Boutique soap maker
- Wooden toys



The Following Companies started with SBA Financing

SBA Alumni.....





QUESTIONS?

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WWW.SBA.GOV/NJ