

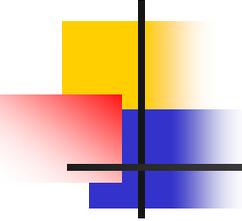
Overview of SBA Loan Programs

U.S. Small Business Administration



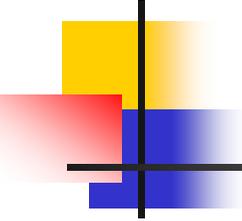
Your Small Business Resource

**U.S. Small Business Administration
San Francisco District Office
455 Market Street, Suite 600
San Francisco, CA 94105
(415)744-6820**



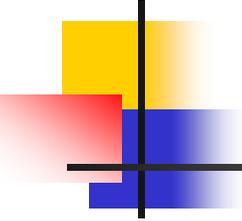
SBA Loan Programs – “The Big 3”

- **SBA Microloan program** – loans up to \$50,000, made by non-profit microlenders
- **7(a) Business Loan program** – SBA’s “flagship” loan program, providing lenders a guaranty on loans up to \$5 million for various purposes, including working capital and commercial real estate
- **504 Certified Development Company (CDC) loan program** – SBA’s “bricks & mortar” loan program, only for acquisition & construction of commercial real estate, and acquisition of heavy equipment, featuring a two-loan structure



SBA Microloan Program – at a glance

Maximum Loan Amount	\$50,000
Average Loan Amount	\$26,000
Interest Rate	Fixed. Averages 7.9%
Maximum Loan Term	6 years
Collateral	Microlender's own collateral policy
Use of Proceeds	Working capital, inventory, supplies, & equipment only
Volume of Loan Activity in SFDO	57 loans for \$1.5 million, FY 2013
Lenders	Non-profit Microlenders approved by SBA
Special Features	Free technical assistance for the borrower

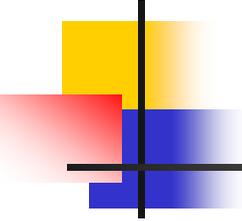


SBA Microloan Program – a closer look

- Typical Microloan borrower profile
 - A microenterprise that may be a startup
 - Borrower may have had some credit problems in the past
 - Borrower is not a viable candidate for a bank loan
- Microloan application process
 - SBA resource partners, SCORE & SBDC, can assist borrower with financial projections
 - Borrower discusses financing need with the Microlenders that serve borrower's county
 - Borrower obtains application forms from Microlender and submits completed application to Microlender

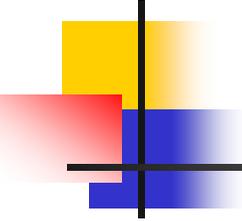
SBA 7(a) Guaranty Loan Program – At a glance

Lenders	Banks and credit unions
Maximum Loan Amount	\$5,000,000
Guaranty Percentage	85% up to \$150K; 75% > \$150K
Maximum Interest Rate	Usually Variable, but can be Fixed. Maximum interest rate generally Prime + 2.75%
Lender Fees	Loans of \$150K or less in FY14, lender fee is \$0. Loans >\$150K, annual fee of 0.52% of gty. amt.
Maximum Loan Term	10 years (up to 25 years for real estate)
Use of Proceeds	Working capital, inventory, equipment, RE, debt repayment, bus. acq., franchise
Volume of Loan Activity in SFDO	1125 loans for \$607 million, FY 2013
Average Loan Amount	\$539,000
Special Features	No prepayment penalty unless loan term exceeds 15 years



SBA 7(a) Guaranty Loan Program – A closer look

- Typical 7(a) borrower profile
 - An existing business, although startups are eligible.
 - For each owner of 20% or more of the business, personal credit must be satisfactory (no recent bankruptcies). Personal credit score must meet lender's minimum requirement.
- 7(a) loan application process
 - Written business plan is typically required.
 - SBA resource partners, particularly SBDC, can assist borrower to prepare financial projections
 - Borrower contacts 7(a) lenders to discuss financing need
 - Lender provides application forms & reviews application for approval prior to submission to SBA

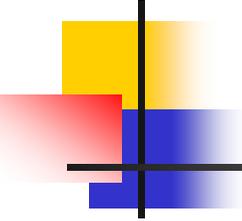


SBA 7(a) Guaranty Loan Program – Different Varieties of 7(a)

- **CAPLines** - 7(a) revolving lines of credit up to \$5 million
- **SBAExpress** – up to \$350K, 50% guaranty, can be revolving
- **PatriotExpress** - for veterans, up to \$500K, can be revolving
- **Small Loan Advantage** - up to \$350K, SBA credit-scored
- **Community Advantage** - up to \$250K
 - Enables non-federally regulated CDFI's to obtain SBA's 7(a) guaranty
 - A pilot program that targets small businesses in underserved markets
- **Export Loan Programs**
 - *ExportExpress*
 - Export Working Capital Program (EWCP)
 - International Trade Loan Program

SBA 504 CDC Loan Program – At a glance

Maximum Loan Amount	\$5,000,000 (\$5.5M for manufacturers & energy efficiency projects)
Average Loan Amount	\$832,000
Interest Rate	Fixed. 5.44% as of October 2013
Maximum Loan Term	20 years, fully amortizing
Collateral	2 nd D/T on project property
Use of Proceeds	Only for acquisition or construction of commercial RE, or heavy equipment
Volume of Loan Activity in SFDO	310 loans for \$258 million, FY 2013
Lenders	Non-profit Certified Development Companies (CDC's) approved by SBA
Special Features	SBA loan is 100% guaranteed, may not exceed 40% of project value, & is in 2 nd lien position behind a non-guaranteed bank loan. Minimum 10% borrower injection.



SBA 504 CDC Loan Program – A closer look

- Typical 504 CDC loan borrower profile
 - A seasoned business that can demonstrate repayment ability from historical cash flow
 - Owners have sufficient personal assets to cover minimum 10% down payment
 - Borrower seeks to avoid the uncertainty of lease renewals and rent increases, and benefit from commercial RE ownership
- 504 CDC loan application process
 - RE broker may introduce borrower to either a 504 CDC, or a bank 1st mortgage lender.
 - CDC and bank 1st mortgage lender work together to coordinate the dual application process.