

#1 - How do I get a small business loan?

The SBA has several Guaranty Loan programs that assist those who can not obtain financing through a lender under reasonable terms. Here is how our Guaranty Loan programs work:

Documentation requirements may vary; contact your lender for information you must supply. Common requirements include: purpose of the loan, history of the business, financial statements for three years (existing businesses), schedule of term debts (existing businesses), aging of accounts receivable and payable (existing businesses), projected opening-day balance sheet (new businesses), lease details, amount of investment in the business by the owner(s), projections of income, expenses and cash flow, signed personal financial statements and personal resume(s). You should take the information, including your loan proposal and submit it to a local lender. If the lender is unable to approve your loan, you may ask if the lender can consider your request under the SBA loan guaranty program. Under this program, the SBA can guarantee up to 85% of a small business loan; however, the lender must agree to loan the money with the SBA guarantee. The lender will then forward your loan application and a credit analysis to the nearest SBA District Office. After receiving all documentation, the SBA analyzes the entire application and makes its decision. The process may take up to 10 days to complete. If the lender needs SBA applications and/or guidance it may contact the nearest SBA District Office by going to <http://www.sba.gov/regions/states.html> and clicking on the appropriate state. Upon SBA approval, the lending institution closes the loan and disburses the funds.

To be eligible, a business must be operated for profit and not exceed SBA's size standards (please go to <http://www.sba.gov/size> for more information). Some types of businesses are not eligible, such as those engaged in lending, real estate development, investment or speculation. Pyramid schemes and gambling or illegal operations are also ineligible. All loans must be used for business purposes. For further information and eligibility requirements, please go to www.sba.gov and click on "financing."

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#2 - How do I get a small business grant?

The U.S. Small Business Administration does not offer grants to start or expand small businesses, although it does offer a wide variety of loan programs. (See <http://www.sba.gov/financing> for more information) While SBA does offer some grant programs, these are generally designed to expand and enhance organizations that provide small business management, technical, or financial assistance. These grants generally support non-profit organizations, intermediary lending institutions, and state and local governments. ([See Federal and State Technology Partnership Program](#) and visit [New Markets Venture Capital Program](#)).

To view grants that are available, please go to <http://www.sba.gov/expanding/grants.html>

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#3 - How do I get started in a business?

The U.S. Small Business Administration (SBA) provides a wealth of information on starting a business at the SBA home page (www.sba.gov) under "Starting." You will find information on writing a business plan as well.

The SBA's Small Business Start-up Guide is intended to serve as a roadmap for starting a business. It is both comprehensive and easy to use. It includes numerous electronic links for additional information. Use this power interactive tool, with many supporting resources to help you start a successful business, by going to http://www.sba.gov/starting_business/startup/guide.html

You may also take advantage of SBA's resource partners. The Service Corps of Retired Executives (SCORE) and the Small Business Development Center (SBDC) provides free one-on-one counseling to those interested in starting and/or expanding a business. This includes, critiquing your business plan, legal requirements, marketing, and licenses needed for your business and many other business-related issues. To find the resource partner nearest to you, please visit us at <http://www.sba.gov/regions/states.html> , click on your state, and click on "Counseling and Training."

Business Information Centers (BICs), supported by local SBA District Offices, can assist you by providing access to state-of-the-art computer hardware and software, and through counseling by Service Corps of Retired Executives (SCORE) volunteers. BICs have resources for addressing a broad variety of business start-up and development issues. You can receive help with critiquing your business plan, evaluating and improving your marketing and sales techniques, diversifying into a new product/and or service areas, pricing your products, or exploring exporting opportunities. The BIC web site is <http://www.sba.gov/bi/bics>

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#4 – How do I get a business license?

Licensing is generally handled through your state or local government. You will need to consult your local telephone directory in the "Government" section for an office that will assist you with a license or permit. See <http://www.sba.gov/hotlist/license.html>

The Service Corps of Retired Executives and Small Business Development Centers are resource partners of the SBA and can assist you with your business venture. For FREE one-on-one counseling, please go to SBA's home page (www.sba.gov), click on your state, then click on "Counseling and Training" for a local contact nearest to you.

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#5 – How do I get a tax identification number?

For a Federal Tax ID number, please contact the Internal Revenue Service for Form SS4. This Form is available through their web site at <http://ftp.fedworld.gov/pub/irs-pdf/fss4.pdf>, or you can visit our web site at <http://www.sba.gov/library/forms.html> under “IRS Forms.”

You may call the IRS at 1-800-829-1040 and ask for the Small Business Tax Kit #454. Tax information for starting a business can be found by going to http://www.irs.gov/bus_info/emp_tax/index.html.

You will need to contact the Department of Revenue for state taxes (if any). Please consult your local telephone directory in the "State Government" section for the office in your state.

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#6 – How do I write a business plan?

If you go to SBA's home page (<http://www.sba.gov>) and select "Starting," you will find information on starting a business and writing a business plan - see <http://www.sba.gov/starting/>. By going to <http://www.sba.gov/regions/states.html>, clicking on your state, then clicking on “Counseling and Training,” you can find local contacts such as the Service Corps of Retired Executives and the Small Business Development Center, that provide FREE one-on-one counseling in the area of starting and expanding a small business. They can also assist you by critiquing your business plan and your business ideas. Also, SBA has Business Information Centers (BICs) nationwide that are similar to a business library. There you will find reference materials on starting and expanding a business, including information on how to write a strong business plan. Some of the Centers have *actual samples* of business plans that have been written. You can locate a center by going to <http://www.sba.gov/bi/bics/>.

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#7 – What type of collateral do I need for a loan?

Repayment ability from the cash flow of the business is a primary consideration in the SBA loan decision process but good character, management capability, collateral, and owner's equity contribution are also important considerations. All owners of twenty percent (20%) or more of the business are required to personally guarantee SBA loans.

The SBA does not deny approval for a SBA Guaranty Loan solely due to lack of collateral; however, it can be used as a reason, in addition to, other credit factors.

For more information on requirements on a SBA Guaranty Loan, as well as, our guaranty loan programs available, please visit us at <http://www.sba.gov/financing/indexloans.html>

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#8 – Is there any business assistance available in my area?

There are 389 Service Corps of Retired Executives (SCORE) chapters and approximately 1,000 Small Business Development Centers (SBDC) nationwide. SCORE provides free, expert advice based on many years of firsthand experience and shared knowledge, on virtually every aspect of business. The SBDC provides a variety of management and technical assistance services to small businesses and potential entrepreneurs. To locate the nearest SCORE or SBDC in your area, please visit us at <http://www.sba.gov/regions/states.html> click on your state, then click on “Counseling and Training.” You may also want to visit one of our Business Information Centers (BICs) that have various books, videotapes, and training workshops on starting and expanding your business. This includes marketing, business planning, legal requirements, bookkeeping, etc. To locate the nearest BIC, please visit us at the aforementioned web site address and click on your state.

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#9 – What classifies a business as "small"?

There is no "official" certification process to be determined as a small business. It is a self-certifying and paperless procedure. The U.S. Small Business Administration (SBA) uses the North American Industrial Classification System (NAICS) in determining size standards; which as of October 1, 2000, replaced the Standard Industrial Classification (SIC) Codes. To see if your business is considered small by the federal government, or to determine which NAICS Code(s) is applicable to your business, please go to <http://www.sba.gov/size>. Also see <http://www.sba.gov/certifications/>.

The SBA Form 355 Application for “Small Business Determination” is utilized when applying for a SBA Guaranty Loan, Certificate of Competency, Government Subcontracting, 8(a) eligibility, Hubzone eligibility and Surety Bond Guarantee program. This form is utilized to determine if you are a small business, however you will not receive a certificate stating that you are a small business. It serves the purpose of verifying your status for eligibility to participate in SBA's programs.

For further clarification, you can contact our Office Size Standards at SIZESTANDARDS@sba.gov or at (202) 205-6618.

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#10 – How can I get my business certified as a woman or minority owned?

On a Federal level, Congress considers a minority-owned business as generally anyone other than white. The business must be at least 51% owned and controlled by one or more minorities. Women are not considered minorities; however, both categories are a “self-certifying” process and no paperwork needs to be filled out.

Your state and local government may have different rules and regulations regarding their contracts and what their definitions are. Consult your state and local government for rules and requirements.

The U.S. Small Business Administration (SBA) has a certification process for the 8(a) Business Development Program. This program assists in the development of small companies owned and operated by individuals who are socially and economically disadvantaged. Businesses eligible for this program may receive federal contracting set-asides and other business-development support to help the company gain access to the economic mainstream. Firms certified into the 8(a) Business Development Program, are automatically certified as a Small Disadvantaged Business (SDB)—please see below. To learn more about this program, please go to <http://www.sba.gov/8abd/>.

There is a certification process to be considered a Small Disadvantaged Business (SDB). The SDB certification ensures that small businesses are owned and controlled by socially and economically disadvantaged individuals meeting SDB eligibility criteria. If you are considered a SDB, you may receive a price evaluation credit of up to 10% when you bid on a federal contract. For more information on this program, please go to: <http://www.sba.gov/sdb/>.

Also, the HUBZone Empowerment Contracting Program encourages economic development in historically underutilized business zones, through the establishment of federal contract award preferences for small businesses located in such areas. To learn more about this program, please go to <http://www.sba.gov/hubzone/>

Also see <http://www.sba.gov/certifications/>.

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#11 - What type of interest rate, terms and fees does the SBA require on its Guaranty Loan Program?

Your loan-repayment schedule depends on the use of the proceeds and the ability of your business to repay. The general terms are five to ten years for working capital; and up to 25 years for fixed assets such as the purchase or major renovation of real estate or the purchase of equipment (not to exceed the useful life of the equipment). Both fixed and variable interest rates are available. The interest rate is negotiated between the borrower and the lender/bank. However, lenders generally may not charge over the maximum rate of 2.25 percent over the lowest prime rate for a loan with a maturity of less than seven years

and 2.75 percent over prime for a maturity of seven years or longer. For loans under \$50,000, the lender's rate may be slightly higher.

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#12 - How do I find an investor for my business?

Small business investment companies (SBICs) exist to supply equity capital, longterm loans and management assistance to qualifying small businesses.

The privately owned and operated SBICs use their own capital and funds borrowed from the U.S. Small Business Administration (SBA) to provide financing to small businesses in the form of equity securities and longterm loans. SBICs are profitseeking organizations that select small businesses to be financed within rules and regulations set by SBA. Specialized SBICs (SSBIC) are a particular type of SBIC that provide assistance solely to small businesses owned by socially or economically disadvantaged persons.

SBICs invest in a broad range of industries. Some SBICs seek out small businesses with new products or services because of the strong growth potential of such firms. Some SBICs specialize in the field in which their management has special competency. Most SBICs, however, consider a wide variety of investment opportunities.

Only firms defined by SBA as small are eligible for SBIC financing. The SBA defines a company as small when its net worth is \$18.0 million or less, and its average net (after tax) income for the preceding two years does not exceed \$6.0 million. For businesses in industries for which the above standards are too low, alternative size standards are available. In determining whether a business qualifies, all of the business's parents, subsidiaries and affiliates are considered. To learn more about this program, please go to <http://www.sba.gov/inv/>

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#13 - What is PRO-Net and SUB-Net?

PRO-Net is an online database of information on thousands of small businesses and serves as a search engine for contracting officers, a marketing tool for small companies, and a "link" to procurement opportunities and other important information. It also provides links to the online Commerce Business Daily/FedBizOpps (<http://www.cbd.cos.com/>), federal agency home pages and other sources of procurement opportunities. It offers free registration to small businesses. All new PRO-NET and Trade Mission Online Registrations are now being handled by the Department of Defense's Central Contractor Registration (CCR). In addition, all updates to CCR-collected fields must also go through CCR. If, in your CCR registration or update, you specified that you wanted to be in PRO-NET, CCR will take you to the "PRO-NET Supplemental Page," which gathers information specific to PRO-NET that CCR does not collect. To access CCR, please go to <https://www.ccr.dlis.dla.mil/>. To access the PRO-Net web site, please go to

<http://pro-net.sba.gov> and follow the instructions. Trouble calls or problems with PRO-NET logins should be addressed to (202) 205-7312/7325 or Fax 202 205-7324.

SUB-Net, an extension of PRO-Net, is primarily for prime contractors to post subcontracting opportunities. These opportunities may or may not be reserved for small businesses. They may include solicitations or other notices, such as a search for "teaming" partners and/or subcontractors for future contracts. The SUB-Net site enables small businesses to use their limited resources to identify and bid on concrete, tangible opportunities. While the web site is designed primarily as a place for large businesses to post solicitations and notices, federal agencies, state and local governments, nonprofit organizations, colleges and universities, and small businesses can also use it for the same purpose. You can access SUB-Net through the PRO-Net home page by choosing the "Subcontracting Opportunities" button. Or, you can go directly to SUB-Net at <http://web.sba.gov/subnet/>

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#14 - I'm interested in exporting. What do I do?

The U.S. Small Business Administration provides export information and development assistance to help small businesses take advantage of export markets, including trade counseling, training, legal assistance and publications. You can visit our web site at <http://www.sba.gov/oit/>

U.S. Export Assistance Centers located in major metropolitan areas throughout the United States, are one-stop shops ready to provide your small- or medium-sized business with local export assistance.

Receive personalized assistance by professionals from the U.S. Small Business Administration, the U.S. Department of Commerce, the U.S. Export-Import Bank and other public and private organizations. To locate your nearest USEAC, please go to <http://www.sba.gov/oit/export/useac.html/>

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15 - I'm in the National Guard and was called up for active duty. Can you help me?

Small Businesses that are owned by military reservists (National Guard and Reserve Members) and/or small businesses that employ military reservists called to active duty may qualify for Military Reservist Economic Injury Disaster Loans (MREIDL).

Filing Period for small businesses to apply for economic injury loan assistance begins on the date the essential employee is ordered to active duty and ends on the date 90 days after the essential employee is discharged or released from active duty.

(NOTE: This program applies to military conflicts occurring or ending on or after March 24, 1999)

The purpose of the Military Reservist Economic Injury Disaster Loan program (MREIDL) is to provide funds to eligible small businesses to meet its ordinary and necessary operating expenses that it could have met, but is unable to meet, because an essential employee was "called-up" to active duty in their role as a military reservist. These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary obligations as they mature until operations return to normal after the essential employee is released from active military duty. The purpose of these loans is not to cover lost income or lost profits. MREIDL funds cannot be used to take the place of regular commercial debt, to refinance long-term debt or to expand the business. You can learn

more about this program by going to:
http://www.sba.gov/disaster_recov/loaninfo/militaryreservist.html

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