

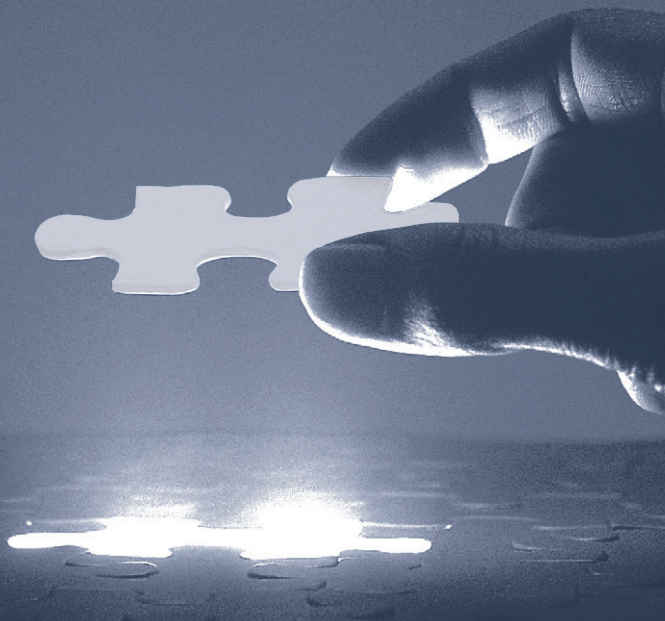
U.S. Small Business Administration

SBA

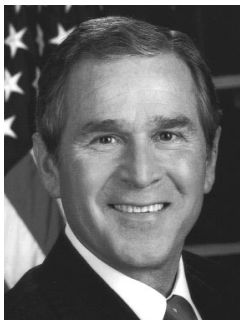
America's Small Business Resource

Programs & Services

5th Edition



General SBA Information



“Wealth is created by Americans — by creativity and enterprise and risk-taking. But government can create an environment where businesses and entrepreneurs and families can dream and flourish.”

George W. Bush
President of the United States

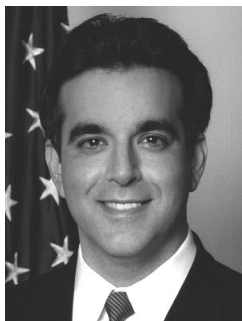
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*All program descriptions, including the dollar amounts and percentages,
are accurate as of the time of printing.
Legislative and administrative changes may occur that could affect these programs.
SBA offices can provide up-to-date information.*

*All of the SBA's programs and services are provided to the public
on a nondiscriminatory basis.*



Programs & Services



Welcome!

I hope that you will find *Programs & Services, 5th Edition*, to be a useful guide in locating the appropriate programs for financing, business counseling and training, and federal government contracting within the U.S. Small Business Administration.

If you are ready to launch a small business, or take an existing one to the next level, the SBA's dedicated employees and resource partners are eager to help. Through our loan guaranty and equity-investment programs you can obtain money to start a business or expand one. At the same time you can take advantage of the SBA's business counseling and training programs to manage your business as it grows.

In the event of a natural disaster the SBA assists small businesses and homeowners through our Disaster Loan Program. The program can help you get your business up and running again quickly, and it can help you return to your home.

At the SBA, we take great pride in our mission to help American entrepreneurs start and grow their businesses and help American homeowners and small businesses recover from disasters.

I invite you to read this guide, and if you think the SBA can be of assistance to you we look forward to hearing from you.

Sincerely,

Hector V. Barreto
Administrator

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SBA Financial Assistance

Loan Programs

The SBA is Congressionally mandated to assist the nation's small businesses in meeting their financing needs. The agency's finance programs enhance the ability of lenders to provide long- and short-term loans to small businesses that might not qualify through normal lending channels.

There are four basic types of SBA lending and equity investment programs available: the 7(a) Loan Guaranty Program, the 7(m) Microloan Program, the 504 Certified Development Company Loan Program and the Small Business Investment Company Program. Visit www.sba.gov/financing for more information.

Basic 7(a) Loan Guaranty Program

The 7(a) Loan Guaranty Program is the SBA's primary loan program. It is also the most flexible, since the agency can guarantee financing under the program for a variety of general business purposes.

To qualify for an SBA guaranty, a small business must meet the 7(a) loan guaranty criteria, and the lender must certify that it cannot provide funding on reasonable terms except with an SBA guaranty. The SBA can guarantee up to 85 percent of a loan that is \$150,000 or less and 75 percent on loans greater than \$150,000. The maximum size loan that the SBA can guarantee is \$2 million, and the maximum guaranty that the SBA can provide is \$1 million. There are a few exceptions noted separately in this brochure.

In guaranteeing the loan, the SBA assures the lender that if the borrower does not repay the loan, the government will reimburse the lender for its loss, up to the percentage of the SBA's guaranty. The borrower, however, still remains obligated for the full amount due. For more information, visit www.sba.gov/financing/fr7aloan.html.

Note: The SBA does not provide grants to start or expand a business.

How It Works

You submit a loan application to an SBA participating lender for initial review. If the lender approves the loan subject to an SBA guaranty, a copy of the loan application and a credit analysis are forwarded by the lender to the SBA.

Following SBA approval, the lending institution closes the loan and disburses the funds. You make monthly loan payments directly to your lender.

No balloon payments, application fees or points are permitted with 7(a) loans. The lender can tailor the repayment plan for each business.

Use of Proceeds

A start-up or existing business may use the proceeds of a 7(a) guaranteed loan to —

- expand or renovate facilities;
- purchase machinery, equipment, fixtures and leasehold improvements;
- finance receivables and augment working capital;
- purchase land or buildings;
- finance seasonal lines of credit;
- construct commercial buildings; and
- refinance existing debt (under some circumstances).

Eligibility

To be eligible, a business must be operated for profit and not exceed the SBA's size standards (*see below*). 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.

Maximum Size Standards

A business is considered “small” if it does not exceed the SBA's established size standards. Size standards are based either on the average number of employees during the preceding 12 months or on sales averaged over the previous three years. The current established size standards are:

- Manufacturing — from 500 to 1,500 employees, depending on the industry

- Wholesaling — 100 employees for financial programs (500 for contracting-assistance programs)
- Services — from \$4 million to \$29 million in average annual receipts or 1,500 employees, depending on the industry
- Retailing — from \$6 million to \$24.5 million in average annual receipts, depending on the nature of the business
- General and heavy construction — from \$17 million to \$28.5 million in average annual receipts
- Special trade construction — \$12 million in average annual receipts
- Agriculture — from \$750,000 to \$10.5 million in average annual receipts

For additional information, see Small Business Size Standards, p. 23.

What You Need to Take to the Lender

Documentation requirements may vary. Contact your lender for the 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
- Personal résumé(s)

What the SBA Looks for

- Good character
- Management expertise and the commitment necessary for success

- Ability to repay the loan on time from the projected operating cash flow
- Reasonable personal contribution and/or business equity, which along with the loan proceeds enable the borrower to operate the business on a sound financial basis (for new businesses, this includes the resources to withstand start-up expenses and the initial operating phase)
- Feasible business plan
- Adequate equity or investment in the business
- Sufficient collateral

Terms, Interest Rates and Fees

Note: *All references to the prime rate in this brochure mean the lowest prime rate on the day the SBA receives the application. This rate is printed in The Wall Street Journal on the next business day.*

Your loan-repayment schedule (*see the Loan Repayment Chart on pp. 36-37*) depends on the use of the proceeds and the ability of your business to repay the loan. The general terms are —

- five to 10 years for working capital; and
- generally 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 maximum rate is generally 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 of \$50,000 or less, or the *SBAExpress* and *Community-Express* programs, the lender's rate may be slightly higher.

The SBA charges the lender a nominal fee to provide a guaranty, and the lender may pass this charge on to you. The fee is based on the maturity of the loan and the dollar amount that the SBA guarantees. On a loan with a maturity of one year or less, the fee is 0.25 percent of the guaranteed portion of the loan. When the maturity is more than one year, and the total loan is for \$150,000 or less, the guaranty fee is 2 percent of the amount guaranteed by the SBA, and lenders may retain one quarter of this fee. However, the lender can

seek reimbursement from the borrower for an amount equal to the full 2 percent of the guaranteed portion. For loans greater than \$150,000, but not exceeding \$700,000, the guaranty fee is 3 percent of the guaranteed amount, and the lender is not allowed to keep any of the fee. For loans greater than \$700,000, the guaranty fee is 3.5 percent of the guaranty amount.

Collateral

To adequately secure the loan, you must pledge sufficient assets to the extent they are reasonably available. Personal guaranties are generally required from all principals owning 20 percent or more of the business. Liens on personal assets of the principals also may be required. No loan will be declined for insufficient collateral alone, as long as all available and worthwhile collateral (both business and personal) is pledged as security for the loan.

Special 7(a) Loan Guaranty Programs

In addition to the basic loan guaranty, the SBA has 7(a) programs for specialized needs. Unless otherwise indicated, the rules, regulations, interest rates, fees, and other guidelines of the basic 7(a) loan guaranty govern these programs as well.

CAPLines Loan

Through *CAPLines*, the SBA helps small businesses meet their short-term and cyclical working-capital needs. A *CAPLines* loan can be up to \$2 million (*except for the Small Asset-Based Line; see p. 6*), and the SBA will guarantee up to \$1 million, as with the basic 7(a) guaranty. There are five short-term working-capital loan programs for small businesses under *CAPLines*:

Seasonal Line: This line advances funds against anticipated inventory and accounts receivable for peak seasons and seasonal sales fluctuations. It can be revolving or nonrevolving.

Contract Line: This line finances the direct labor and material costs associated with performing assignable construction, service or supply contracts. It can be revolving or nonrevolving.

Builders Line: If you are a small general contractor or builder constructing or renovating commercial or residential buildings for resale, this line can finance your

direct labor and material costs. The building project serves as the collateral, and loans can be revolving or nonrevolving.

Standard Asset-Based Line: This program guarantees asset-based revolving lines of credit that are structured under SBA rules and provided by lenders. These loans let businesses borrow against their existing inventory and accounts receivable provided such assets have value, and the line is repaid when the business collects the cash from the sale of these assets. These loans are continually disbursed and repaid, and the borrower must provide a report on the status of the inventory and/or receivables with each disbursement. This line is generally used by businesses providing credit to other businesses. Since these loans require continual servicing and monitoring of collateral, the lender may charge additional fees.

Small Asset-Based Line: This is an asset-based revolving line of credit up to \$200,000. It operates basically like a standard asset-based line. Some of the stricter servicing requirements are waived, however, if the business can consistently show repayment ability from its cash flow.

Terms, Interest Rates & Fees

Each of the five lines of credit has a maximum maturity of five years, but because each is tailored to your individual needs, a shorter initial maturity may be established. You may use *CAPLines* funds as needed throughout the term of the loan to purchase assets, as long as sufficient time is allowed to convert the assets into cash by maturity.

You and your lender negotiate the *CAPLines* interest rate, with the maximum set at 2.25 percent over the prime rate. The guaranty fee is the same as for any standard 7(a) loan. The SBA places no servicing-fee restrictions on the lender for the Standard Asset-Based Line, but it does require full disclosure to ensure the fees are reasonable. On all other *CAPLines* loans, the additional fee is limited to 2 percent based on the average outstanding balance. Visit www.sba.gov/financing/frcaplines.html for more information.

Collateral

Your primary collateral will be the short-term assets financed by the loan.

Defense Loan & Technical Assistance (DELTA)

If you own a defense-dependent small business that has been adversely affected by defense cuts or that is located in a defense-impacted community, the DELTA Program can help you diversify into the commercial market. A joint effort of the SBA and the Department of Defense, DELTA provides both financial and technical assistance. The SBA processes, guarantees and services DELTA loans generally through the regulations, forms and operating criteria of the 7(a) Loan Guaranty Program or the 504 Certified Development Company Program (*see p. 17*).

Eligibility

To be eligible, your business must meet 7(a) or 504 program criteria and have derived at least 25 percent of its total revenue during any one of the previous five operating years from DoD contracts, the Department of Energy defense-related contracts, or subcontracts in support of defense prime contracts.

The business must also —

- use the loan to modernize or expand facilities in order to diversify operations while remaining in the national technical and industrial base, or
- be adversely impacted by reductions in defense spending and use the loan to retain the jobs of defense workers, or
- be located in an adversely impacted community and use the loan to create new economic activity or jobs in that community.

Maximum Loan & Guaranty Amounts

The maximum gross loan amount for a DELTA loan under 7(a) is \$1.25 million. The maximum guaranty under 7(a) or 504 is \$1 million.

Credit Analysis

DELTA loans may require special handling due to complicated credit analyses. Due to the transitional state of the business, the applicant may be unable to demonstrate repayment based on past operations

despite significant collateral. Revisions to the law allow the SBA to resolve reasonable doubts in the applicant's favor. For more information, visit www.sba.gov/financing/frdelta.html.

Technical Assistance

A borrower may also require technical assistance to make the transition to the commercial market. This assistance is provided through the SBA's small business development centers, the Service Corps of Retired Executives, other federal agencies, and other technical and management assistance providers. You will find a directory of technical assistance providers by visiting: www.sba.gov/financing/frdelta.html.

Community Adjustment & Investment Program (CAIP)

Established in response to changed trade patterns with Canada and Mexico resulting from the North American Free Trade Agreement, CAIP creates new, sustainable jobs and preserves existing ones. The program is a partnership between the federal government (primarily the U.S. Department of the Treasury, the SBA and the U.S. Department of Agriculture) and the North American Development Bank. Visit www.sba.gov/financing/frcaip.html for more information.

Eligibility

- Business applicants must be located in CAIP-eligible communities. Community eligibility is based upon an analysis of NAFTA-related job losses within the context of local unemployment rates. For CAIP-eligible communities, visit www.sba.gov/financing/caipeligibleareas.pdf or www.sba.gov/financing/caipurban.pdf.
- For federally funded programs, applicants also must be able to demonstrate that within 24 months and as a result of the loan, they will create or preserve at least one job per \$70,000 of federally guaranteed funds (the SBA portion) they receive.

Under CAIP, credit is made available primarily through loan guaranties provided either under the 7(a) Loan Guaranty Program or the USDA Business and Industry Loan Guarantee Program. The SBA's 7(a)

program can guarantee up to 75 percent (\$1 million SBA share) on a maximum loan of \$2 million. The 504 Program can generally guarantee up to \$1 million. For eligible applicants, NADBank pays the loan guaranty fee or participates as a direct lender. Visit the NADBank Web site at www.nadbank-caip.org for more information, or call the NADBank Los Angeles office at 562-908-2100.

Export Working Capital (EWCL) Loan

The Export Working Capital Loan was developed to assist exporters seeking short-term working capital for their transactional financing needs. The loan funds may be used to finance the manufacturing costs of goods for export, the purchase of goods or services, foreign accounts receivable and standby letters of credit (used for performance bonds, bid bonds or payment guaranties to foreign buyers). The SBA can guarantee up to 90 percent of a secured loan or \$1 million, whichever is lower. The EWCL uses streamlined documentation; turnaround is usually within 10 business days. Borrowers may also apply to the SBA for a letter of preliminary commitment (*see Loan Prequalification Program, p. 16*).

When an EWCL is combined with an International Trade Loan (*see below*), the SBA's combined exposure can increase to \$1.25 million (with a \$1 million maximum for the working-capital portion).

Terms, Interest Rates & Fees

You may have other SBA guaranties along with an EWCL as long as the SBA's exposure for working-capital loans does not exceed \$1 million. The maturity for an EWCL typically matches a single transaction cycle or supports a line of credit, generally with a maximum term of 12 months. With annual renewals, however, it is possible to have a loan maturity of up to three years. The guaranty fee is 0.25 percent of the guaranteed portion of the loan. You and the lender negotiate interest rates and fees. Visit www.sba.gov/financing/frexporthtml for more information.

International Trade Loan (ITL)

The International Trade Loan Program guarantees loans to small businesses engaged in international

trade, prepared to engage in international trade, or adversely affected by competition from imports. Under this program, the SBA can guarantee as much as \$1.25 million in combined working-capital and facilities-and-equipment loans.

Use of Proceeds

Fixed Assets — Proceeds may be used for purchasing land and buildings; renovating, improving or expanding existing facilities; building new facilities; purchasing or reconditioning machinery, fixtures and equipment; and making other improvements that will be used within the United States for producing goods or services.

Working Capital — Proceeds may be used for a permanent working-capital loan or as transaction-specific financing under the provisions of the Export Working Capital Loan.

Note: International Trade Loan proceeds may not be used to repay existing debt.

Guaranty Coverage

For the fixed-asset and permanent working-capital portions of an International Trade Loan, the SBA can guarantee up to 85 percent for loans up to a maximum loan amount of \$150,000, and up to 75 percent for loans above \$150,000. Under the International Trade Loan, the working-capital portion of the SBA's guaranty is limited to \$1 million, the guaranty for fixed assets is limited to \$1 million and the combined guaranties cannot exceed \$1.25 million.

Eligibility

The applicant must establish that the loan proceeds will expand an existing export market or develop new export markets, or that the business is adversely affected by import competition.

Terms, Interest Rates & Fees

Terms and interest rates are negotiated between the applicant and the lender. The SBA charges a guaranty fee of 0.25 percent for a loan with a maturity of 12 months or less. For terms longer than 12 months, the SBA guaranty fee is the same as for any standard 7(a) guaranteed loan.

Collateral

The lender must take a first-lien (or first-mortgage) position on the fixed assets financed under this program. Only collateral located in the United States, its territories and possessions is acceptable.

Maturity

A loan for facilities or equipment may have a maximum maturity of up to 25 years. The working-capital portion of the loan can be made according to the provisions of the Export Working Capital Loan. The maturity is typically 12 months or less if the financing is for a revolving line. The maturity for a permanent working-capital loan can be up to 10 years. For more information, visit www.sba.gov/financing/frinternational.html.

Energy & Conservation Loan

Under this program, financing is available for eligible small businesses engaged in the engineering, manufacturing, distributing, marketing, and installing or servicing products or services designed to conserve the nation's energy resources. An eligible business may use the loan to buy land for plant construction; convert or expand existing facilities; purchase machinery, equipment, furniture, fixtures, supplies and materials; or provide working capital for entry or expansion into eligible conservation project areas. The loan may not be used for acquiring an energy business or for purchasing energy devices for the business' own use.

This program permits up to 30 percent of the loan proceeds to be used for research and development, which is not permitted in any other 7(a) program.

The maximum SBA guaranty for loans up to \$150,000 is 85 percent. For higher loans up to \$1 million, the maximum guaranty is 75 percent.

Pollution Control Loan

This program assists small businesses that are planning, designing or installing a "pollution control facility," which includes most real or personal property that will reduce pollution. Unlike the Energy Conservation Loan, the Pollution Control Loan is for the end-user of the pollution control facility. Visit www.sba.gov/financing/frpollute.html for more information.

Qualified Employee Trusts Loan

The SBA can guarantee 7(a) loans to eligible employee trusts that meet the SBA's size and policy requirements, are part of a plan sponsored by their employer, and qualify under the Internal Revenue Code (as an Employee Stock Ownership Plan) or the Department of Labor (under the Employee Retirement Income Security Act). Loan proceeds may be used by an employee trust for a growth and development loan, whereby the trust re-lends the loan proceeds to the employer by purchasing qualifying securities (not necessarily voting stock) in the employer's business; or a change of ownership loan, whereby employees acquire controlling interest in the employer's business. Collateral for the loan includes the assets of the employer's business. For more information, visit www.sba.gov/financing/frqet.html.

Streamlined Applications & Approvals

Under the SBA's loan-guaranty programs, the borrower applies to a lending institution, not the SBA. If it determines the SBA's guaranty is necessary to approve the loan, the lender then applies to the SBA for the guaranty. The SBA can process a lender's request through a variety of methods. The following methods are used most frequently: Standard, Certified Lenders, Preferred Lenders, SBA*LowDoc*, SBA*Express* and Community*Express*. You may obtain a list of SBA participating lenders from your local SBA office or at www.sba.gov/financing/lender.html.

Standard Application Process

The lender submits a completed loan application, including a credit analysis, to the SBA field office that covers the territory where the applicant business is located. After receiving all the documentation, the SBA analyzes the entire application, then makes its decision. The process may take up to 10 days to complete.

Certified Lenders Program (CLP)

The CLP provides service on loan applications received from lenders who have successful SBA track records and a thorough understanding of SBA lending

policies and procedures. Under this program, the SBA reviews the lender's credit analysis rather than conducting a complete second analysis. This reduces the SBA's targeted response time to three days. Certified lenders can submit applications under standard processing if they wish.

Preferred Lenders Program (PLP)

The PLP maximizes the use of qualified, private lenders in the agency's financial-assistance delivery system. Under this program, the SBA delegates loan underwriting, closing, and most servicing and liquidation authority and responsibility to carefully selected lenders. The PLP is designed only for the strongest credits. The SBA processes PLP loans at its PLP center in Sacramento, Calif. Turnaround usually takes less than one day. Preferred loans receive the same 75 percent guaranty rate (85 percent on loans of \$150,000 or less) as other SBA-backed loans. Preferred lenders may use certified or standard processing, if they wish.

Low Documentation Loan (SBA*LowDoc*)

SBA*LowDoc* is the SBA's quick and easy program that provides a guaranty on small business loans of \$150,000 or less. Once you have met your lender's requirements for credit, the lender may request an SBA*LowDoc* guaranty for up to 85 percent of the loan amount. You complete the front of a one-page SBA application, and the lender completes the back. At SBA*LowDoc* centers, the agency processes completed applications within 36 hours.

The repayment terms for SBA*LowDoc* are the same as for any other 7(a) loan. Eligibility is basically the same except:

- Proceeds may not be used to repay certain types of existing debt; and
- The program is not designed to accommodate loans requiring unique or complex structures.

Visit www.sba.gov/financing/frlowdoc.html for more information.

SBA*Express*

SBA*Express* provides selected lenders with a 50 percent guaranty on their loans in exchange for allowing

them to use their own applications and documentation. This method makes it easier and faster for lenders to provide small business loans of \$250,000 or less. The SBA provides a rapid response through its PLP processing center in Sacramento, Calif. — within 36 hours of receiving the complete application package. Lenders use their own procedures to approve and service the loans.

Terms

Like most 7(a) loans, the maturity of an SBA*Express* term loan is usually five to seven years for working capital and up to 25 years for real estate or equipment (subject to the useful economic life of the equipment). The termination date for revolving credits must be no later than seven years after the first disbursement. Visit www.sba.gov/financing/frfastrak.html for more information.

CommunityExpress

The Community*Express* pilot program is designed to spur economic development and job creation in untapped rural and inner city communities by providing loans and technical assistance. Loan proceeds may be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or real-estate acquisitions.

To be eligible for Community*Express*, current or prospective small businesses must be located in low- and moderate-income urban and rural areas.

While Community*Express* is similar to SBA*Express*, there are some differences.

- Community*Express* focuses on predesignated geographic areas, primarily low- and moderate-income urban and rural areas.
- The maximum loan amount under Community*Express* is \$250,000.
- The Community*Express* guaranty is 85 percent for loans up to \$150,000 and 75 percent for loans greater than \$150,000 up to \$250,000.
- Community*Express* lenders, together with the National Community Reinvestment Coalition, provide hands-on technical training and support, both before and after loan closings, through

community-based, nonprofit NCRC member organizations.

Visit www.sba.gov/financing/frcomexp.html for more information.

SBA ExportExpress

SBA ExportExpress is a subprogram of SBAExpress that provides lenders with an 85 percent guaranty on their small business export loans up to a maximum loan amount of \$250,000. The guaranty is 85 percent for loans up to \$150,000 and 75 percent for loans between \$150,000 and \$250,000. Any lender approved to participate in SBAExpress may participate in SBA ExportExpress. Lenders use the same streamlined and expedited loan review and approval procedures for SBA ExportExpress as they do for SBAExpress.

SBA ExportExpress loan proceeds may be used for most export-related business purposes including foreign market development activities such as trade-show participation and product-literature translation. SBA ExportExpress loans may support standby letters of credit for either bid or performance bonds, revolving lines of credit for export purposes, term loans, and other financing to enable small business concerns, including small business export trading companies and small business export management companies, to develop foreign markets. To be eligible for SBA ExportExpress assistance, applicants must have been in business operation, though not necessarily in exporting, for at least 12 months.

SBA ExportExpress combines SBA's small business lending assistance with its technical assistance programs to help small businesses obtain export financing. Technical assistance is provided by U.S. Export Assistance Centers and SBA resource partners after the loan is approved. For more information, visit www.sba.gov/financing/frexporthexpress.html.

Loan Prequalification

Under this program, the applicant may go to a lender pre-approved by the SBA for an SBA loan guaranty. Local SBA district offices determine their demographic markets for the program and select, train and monitor intermediaries.

An SBA-designated intermediary helps the prospective borrower develop a viable loan application package (and may charge a reasonable fee for this service). The intermediary submits the complete package to the SBA for expedited consideration. The agency usually makes a decision within three days.

If the application is approved, the SBA issues a letter of preliminary commitment stating the agency's intent to guarantee the loan subject to the stated terms and conditions provided the applicant can find a lender. The maximum loan amount is generally \$250,000. The SBA will guarantee up to 75 percent (85 percent on loans of \$150,000 or less). The intermediary helps the borrower locate a lender offering the most competitive rates and terms.

Visit www.sba.gov/financing/frprequal.html for more information.

Eligibility Factors Different From the Basic 7(a) Program Requirements:

- Businesses must be at least 51 percent owned, operated and managed by members of one of the groups designated as eligible to participate.
- Businesses, including affiliated companies, must employ 100 or fewer workers in total.

Other SBA Loan Programs

7(m) Microloan

The SBA's Microloan Program provides very small loans up to \$35,000 to small businesses and not-for-profit child-care centers through a network of locally based intermediary lenders. In addition to making the loans, the intermediaries provide management and technical assistance to microborrowers and potential microborrowers.

Small businesses must apply directly to the SBA's local intermediary lender. Contact your closest SBA office to find out if there is one in your area.

Use of Proceeds

Microloans may be used to finance furniture, fixtures, equipment, inventory, materials and supplies. They may be used to finance receivables and for working capital. They may not be used to purchase real estate.

Terms & Interest Rates

The maximum term for a microloan is six years. Interest rates can be up to 8.5 percent over the intermediary's cost of borrowing from the SBA. Microloans are direct loans from the intermediary lenders. They are not guaranteed by the SBA.

Collateral

Each intermediary lender will have its own requirements regarding collateral and personal guaranties.

Eligibility

Virtually all types of for-profit businesses that meet the SBA's size and type-of-business standards for the 7(a) Loan Guaranty Program may apply for a microloan.

504 Certified Development Company (CDC)

The 504 Certified Development Company Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. Approximately 270 CDCs nationwide work with the SBA and private-sector lenders to provide financing to small businesses.

Generally, CDCs are nonprofit corporations set up to contribute to the economic development of their local communities. The program is designed to enable small businesses to create and retain jobs; the CDC's portfolio must create or retain at least one job for every \$35,000 of debenture proceeds provided by the SBA.

Typically, a 504 project includes —

- a loan secured with a senior lien on the financed asset made by a private-sector lender (covering 50 percent of the fixed financing),
- a loan secured with a junior lien made by a CDC (funded by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the financing, and
- a contribution of at least 10 percent equity from the borrower.

The SBA-guaranteed debentures are pooled monthly and sold to private investors. The maximum SBA debenture generally is \$1 million (and up to \$1.3 million if the financing satisfies certain public policy goals).

Use of Proceeds

Proceeds from 504 loans must be used for fixed-asset projects such as —

- purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping;
- constructing, modernizing, renovating or converting existing facilities; and
- purchasing machinery and equipment.

The 504 program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

Terms, Interest Rates & Fees

Interest rates on 504 loans are fixed at the time of the debenture sale. The interest rates approximate the current market rate for five- and 10-year U.S. Treasury issues, plus a small increment. Maturities of 10 and 20 years are available.

Fees total approximately 3.5 percent of the debenture and may be financed with the loan. These include a CDC processing fee of 1.5 percent, a guaranty fee, a funding fee and an underwriting fee.

Collateral

Generally, personal guaranties of the owners of 20 percent or more of the business are also required.

Eligibility

To be eligible, a business with its affiliates must be operated for profit and fall within the size standards set by the SBA. The business must also have a tangible net worth of \$6 million or less and an average net income of \$2 million or less after taxes for the preceding two years. Loans cannot be made to businesses engaged in speculation or investment.

SBA Franchise Registry

The SBA Franchise Registry is a national registry of franchises. The SBA reviews the franchise agreements of the franchisors listed on the Registry. The benefit of being listed on the SBA Franchise Registry is that whenever a business operating under a franchise agreement of a listed franchise applies for a loan, the SBA's eligibility review process is expedited because

the complex issue of control has already been satisfied. However, the business still must meet additional eligibility issues associated with an SBA loan such as size, use of proceeds, nondiscrimination, repayment ability and so on.

Franchises not listed on the registry are not necessarily ineligible for SBA financial assistance. The applications of such franchises take longer to process, however, because first a determination must be made that no affiliation between franchisee and franchisor exists. For further information, visit the Franchise Registry at www.franchiseregistry.com.

Loan Repayment

The chart on pages 36 -37 provides the information you need to determine your monthly loan payment. The monthly payment includes principal and interest.

Should Problems Arise

If your small business encounters difficulties, the SBA is ready to help with expert business counseling and assistance. In the event a borrower is unable to meet the obligations of an SBA loan, the agency will work closely with the lender and/or borrower to negotiate a solution. Only when a solution cannot be found will the SBA move to liquidate the assets securing the loan.

Equity Investment

Small Business Investment Company (SBIC)

The Small Business Investment Company Program fills the gap between the availability of venture capital and the needs of small start-up or growing businesses.

Licensed and regulated by the SBA, SBICs are privately owned and managed investment companies that make capital available to small businesses through investments or loans. They use their own funds plus funds obtained at favorable rates with SBA guaranties. SBICs are for-profit companies whose incentive is to share in the success of small businesses. In addition to equity capital and long-term loans, SBICs provide debt-equity investments and management assistance.

The SBIC Program provides funding to all types of manufacturing and service industries. Some investment companies specialize in certain fields; others seek out small businesses with new products or services because of their strong growth potential. Most, however, consider a wide variety of investment opportunities.

Providing the same services as SBICs, specialized small business investment companies invest in socially or economically disadvantaged small companies; typically, however, they invest in businesses during their growth stages and make smaller investments. For more information, visit www.sba.gov/inv.

New Markets Venture Capital (NMVC)

The New Markets Venture Capital Program, modeled on the SBIC Program, combines equity investing and hands-on technical assistance to foster new business growth and job creation specifically in rural and inner city low-income areas.

Selected by the SBA through a competitive process, NMVC companies are privately owned and managed for-profit entities offering equity financing and intensive operational assistance to small businesses primarily located within targeted low-income areas.

NMVC companies use their own private capital plus debentures obtained at favorable rates with SBA guaranties for investing. They also provide technical assistance to the small businesses in which they invest, using their own funds plus resources provided by the SBA in the form of matching operational assistance grants.

The operational assistance grant component of the NMVC program helps remove most barriers to obtaining specific, intensive technical assistance that may not otherwise be available in low-income areas. NMVC companies are expected to use the operational assistance funds to work closely with low-income small businesses to make the businesses and the investments a success. Specialized SBICs, which raise additional private capital for investing, may also apply for NMVC operational assistance

grants. Visit www.sba.gov/inv/venture.html for more information.

Surety Bonds

Surety Bond Guarantee

By law, prime contractors to the federal government must post surety bonds on federal construction projects valued at \$100,000 or more. Many state, county, city and private-sector projects require bonding as well. The SBA can guarantee bid, performance and payment bonds for contracts up to \$2 million for eligible small businesses that cannot obtain surety bonds through regular commercial channels. The SBA guarantees bonds in two ways:

- **Prior Approval Sureties** — The SBA must approve guarantees before these sureties can issue guaranteed bonds.
- **Preferred Sureties** — The SBA authorizes preferred sureties to issue, monitor and service bonds without prior SBA approval.

The SBA's Web site for surety bond information is www.sba.gov/osg.

Federal Government Contracting Assistance

The SBA negotiates small business goals with each federal agency to ensure that the governmentwide small business goal of 23 percent, required by the Small Business Reauthorization Act of 1997, is met. The SBA monitors the agencies' progress toward achievement of the goal.

Small Business Size Determinations

The SBA issues formal size determinations when the size of a business is questioned under a federal procurement. This ensures that only legitimate small businesses receive contract awards under procurement preference programs.

Natural Resources Sales

This program helps small businesses receive their fair share of federal property for sale or disposal, including the sale of timber, royalty oil, coal leases and other mineral leases, and surplus property.

Prime Contracting

To increase opportunities for small businesses in the federal acquisition process, the SBA negotiates goals for small business set-asides, identifies new small business sources, and counsels small companies on how to do business with the federal government. It also conducts surveillance reviews of federal purchasing facilities to assess compliance with the procurement provisions of the Small Business Act.

Subcontracting

The SBA also helps small businesses receive the maximum practical opportunity to participate in federal contracts as subcontractors and suppliers. (By law, certain percentages of large federal contracts must be subcontracted to small businesses.)

Certificate of Competency (CoC)

The CoC Program provides an appeal process to small businesses that have been denied contracts with the U.S. government for a lack of “responsibility” or a perceived inability to perform satisfactorily.

Contracting Assistance for Women Business Owners (CAWBO)

This office works to increase federal contracting opportunities for women-owned small businesses and to increase the number of women-owned small businesses successfully competing in the federal marketplace. Federal agencies may “restrict competition” when they solicit supplies or services in industries where women-owned small businesses are underrepresented, if two or more such businesses are expected to compete, and the government expects to make an award at a fair and reasonable price. Such contracts cannot exceed \$3 million for services or \$5 million for manufacturing. Visit www.sba.gov/gc/indexprograms-cawbo.html for more information.

Procurement Marketing & Access Network (PRO-Net®)

An online database of information on thousands of small businesses, the SBA’s Pro-Net® serves as a search engine for contracting officers, a marketing

tool for small companies, and a link to procurement opportunities and other important information. Pro-Net® is the database on 8(a) program participants, qualified HUBZone small business concerns, and small disadvantaged businesses. Currently more than 200,000 businesses are listed in Pro-Net®. It also provides links to the Federal Business Opportunities Web page, federal agency home pages and other sources of procurement opportunities. PRO-Net® offers free registration to small businesses. You can access the PRO-Net® Web site at www.pronet.sba.gov and follow the instructions.

SUB-Net

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 clicking on the “Subcontracting Opportunities” bar.

Small Business Size Standards

The SBA’s Office of Size Standards can tell you if your business meets the federal size standards for a small business. The office develops and prepares regulations on size standards as needed, following agency and federal government rule-making procedures. The regulations determine which businesses are eligible for the SBA’s financial- and procurement-assistance programs. You can obtain more information on size standards by logging on to www.sba.gov/size.

HUBZone Empowerment Contracting

This program encourages economic development in historically underutilized business zones — “HUBZones” — through the establishment of federal contract award preferences for qualified small businesses located in such areas. These preferences provide for set-asides, sole source awards and price credits for HUBZone small businesses, and establishes goals for awards to such businesses. To qualify for the HUBZone Program, a small business generally must be located in a “HUBZone,” be owned and controlled by one or more U.S. citizens, and have at least 35 percent of its employees residing in a HUBZone. A “HUBZone” is an area that is located in one or more of the following: a “qualified census tract;” a “non-metropolitan county” with a median household income of less than 80 percent of the state median household income or with an unemployment rate of not less than 140 percent of the statewide average; or lands within the boundaries of federally recognized Indian reservations. For more information, visit the HUBZone Web site at www.sba.gov/hubzone.

Research & Development Assistance

The goals of SBA’s research and development assistance are to strengthen and expand the competitiveness of small, high-tech research and development businesses in the federal marketplace, and to assist in the commercialization of the results of federal R&D efforts. For more specific information, access www.sba.gov/sbir.

Small Business Innovation Research (SBIR)

Under the SBIR Program, small businesses propose innovative ideas to meet the specific research and R&D needs of the federal government. The program also promotes commercialization of the results generated. Federal grants are awarded on a competitive basis.

Small Business Technology Transfer (STTR)

This program also awards federal grants on a competitive basis. However, it requires the small company competing for an R&D project to collaborate with a nonprofit research institution from the submission of the proposal to the completion of the designated effort.

Small Business Research, R&D Goaling

The SBA's Office of Technology measures and reports the amount of federal funding for research and R&D (excluding the amounts for SBIR and STTR) awarded to small businesses each year by the major research and R&D federal agencies.

Federal and State Technology Partnership

This program enhances or develops within the states the technological competitiveness of small businesses. Cooperative agreements are awarded on a competitive basis to eligible organizations or individuals who, among other things, receive an endorsement from the governor of the state.

Rural Outreach

This program provides grants to approximately 25 states to increase participation of businesses located in underserved states and territories in the SBIR and STTR programs.

Technology Access Network (Tech-Net)

The Technology Access Network database serves as a chief resource for federal acquisition agencies, venture capitalists and others seeking to do business with small, high-technology businesses under all the Research and Development Assistance programs.

Business Counseling & Training

Service Corps of Retired Executives (SCORE)

Nationwide, 11,500 volunteers in 389 SCORE chapters provide free, expert advice based on their

many years of firsthand experience and shared knowledge on virtually every aspect of business. SCORE counselors are located at SBA field offices, business information centers and some of the SBA's small business development centers. Call your closest SBA field office to find the SCORE chapter nearest you, or access SCORE online at www.score.org.

Small Business Development Centers (SBDCs)

Funded and administered by the SBA, SBDCs provide a variety of management and technical-assistance services to small businesses and potential entrepreneurs. SBDCs are a cooperative effort among the SBA, the academic community, the private sector, and state and local governments. Together with the SBA's certified development companies, SBDCs also can help you prepare an SBA loan application. There are approximately 1,000 SBDC locations, primarily at colleges and universities in all 50 states and the U.S. territories. For the SBDC closest to you, please call your local SBA office, or check the list of centers at www.sba.gov/sbdc/index.html.

Paul D. Coverdell Drug-Free Workplace

This program provides grants or contracts to intermediaries and SBDCs to assist small businesses in setting up drug-free workplace programs. A drug-free workplace program consists of a written policy, drug and alcohol abuse prevention training, drug testing, an employee-assistance program and continuing education.

Business Information Centers (BICs)

BICs — supported by local SBA offices — can assist you by providing access to state-of-the-art computer hardware and software, and through counseling by SCORE volunteers. BICs have resources that address a broad variety of business start-up and development issues. You can receive help with writing a comprehensive business plan, evaluating and improving your marketing and sales techniques, diversifying into new product and/or service areas, pricing your products, or exploring exporting opportunities. The BIC Web site is www.sba.gov/bi/bics/index.html.

Assistance for Veterans

Veterans Business Outreach Centers

VBOCs ensure that small businesses owned and controlled by eligible veterans have access to entrepreneurial training, business development assistance, counseling and management assistance. The agency has cooperative agreements with four centers — one each in Florida, New York, Texas and West Virginia. For more information visit the Web site at www.sba.gov/vets.

Assistance for Exporters

U.S. Export Assistance Centers (USEACs)

The SBA delivers its international programs and services primarily through U.S. Export Assistance Centers. These centers offer a full range of federal export programs and services from the SBA, the U.S. Department of Commerce, the Export-Import Bank of the United States, and other public and private organizations. Located in 19 cities nationwide, USEACs use the latest technology to provide export marketing and trade finance assistance, customized counseling for companies committed to exporting, and customer service. For more information, or to find the USEAC nearest you, visit the Web site at www.sba.gov/oit/export.

Export Legal Assistance Network (ELAN)

In conjunction with the Federal Bar Association, the SBA and the U.S. Department of Commerce offer exporters a complimentary initial legal consultation with an international trade attorney. To access this program, contact your local SBA field office.

TradeNet's Export Adviser

TradeNet is an Internet site for exporters created through a partnership of public and private entities led by the SBA. The Web site offers market research, export laws, business opportunities, trade shows and events, research tools, financing information, and forms and documentation. TradeNet also gives you the capability of creating a personalized page called MyTradeNet. You can access TradeNet at www.tradenet.gov.

The Export Trade Assistance Partnership (E-TAP)

E-TAP is a program designed to help small business owners become export-ready and compete in global markets. The program consists of four distinct segments: partnership, training, counseling and international trade shows or missions. A key component is the customized, intensive international trade training designed to help small businesses not only discover international opportunities appropriate for their companies but also accurately assess the market potential of various countries. The ultimate goal is for U.S. small businesses to participate in trade events in the country or countries with the greatest market potential for the businesses' exports. Contact your local U.S. Export Assistance Center to participate in the E-TAP Program (*see also USEACs, p. 27*).

Trade Mission Online (TM Online)

TM Online is a database of American small businesses that seek to export their products. It is also a search engine for foreign companies seeking U.S. business alliances through direct product purchases, or licensing or franchising agreements. Visit TM Online at www.sba.gov/tmonline.

Assistance for Native Americans

For more information you may access the SBA's Office of Native American Affairs Web site at www.sba.gov/naa.

Assistance for Small & Disadvantaged Businesses

Small Disadvantaged Business (SDB) Certification

SDB certification ensures that small businesses owned and controlled by socially and economically disadvantaged individuals meet SDB eligibility criteria. If you own a business certified as an SDB, you may receive a price evaluation credit of up to 10 percent when you bid on a federal contract. To obtain an application for certification, contact your local SBA district office, or you can access the application on the Web at www.sba.gov/sdb/indexsdbapply.html.

8(a) Business Development

The SBA's 8(a) Business Development Program assists the development of small companies owned and operated by individuals who are socially and economically disadvantaged. If you are eligible for this program, you are eligible for federal contracting set-asides and other business-development support to help your company gain access to the economic mainstream. Contact your local SBA district office to apply.

7(j) Management & Technical Assistance

Under Section 7(j) of the Small Business Act, the SBA awards grants to and enters into cooperative agreements with organizations to provide management and/or technical assistance to 8(a) Business Development Program participants and other eligible individuals, small disadvantaged businesses, low-income individuals, businesses from areas with high unemployment and low-income individuals. The assistance is given in areas such as accounting, marketing and proposal/bid preparation. The 7(j) program also provides industry-specific technical assistance and entrepreneurial training. You may obtain additional information on both the 8(a) and 7(j) programs at www.sba.gov/8abd.

Assistance for Women

Women's Business Centers

Women's business centers nationwide provide women entrepreneurs with business training and counseling, technical assistance, mentoring, and access to the SBA's programs and services. They also have programs to assist economically and socially disadvantaged women, especially those on welfare. Each center tailors its services to the needs of the local community. To find the WBC nearest you, contact your local SBA district office, or visit www.sba.gov/womeninbusiness.

Online Women's Business Center

This Web site offers women information about business principles and practices, management techniques, networking, industry news, market research, technology training, and information about the many SBA services and resources available to them. Special features

include interactive mentoring and individual counseling; message boards and a calendar of events. Information is in English, Spanish, Russian and several other languages. You can access the Online Women's Business Center at www.onlinewbc.gov.

Women's Network for Entrepreneurial Training (WNET)

The Women's Network for Entrepreneurial Training provides mentoring for current and aspiring women business owners through WNET "roundtables." Groups of mentors and protégées meet regularly to provide assistance, support and networking opportunities. Sponsors include women's business centers, small business development centers, local business leaders, government representatives and SCORE. There are now more than 160 WNET roundtables nationwide.

Business Information Services

Answer Desk

A computerized, toll-free, telephone message system, the SBA Answer Desk provides information about starting or running a business and how to get assistance. You can access the Answer Desk toll-free 24 hours a day, seven days a week at 1-800 U ASK SBA. Operators are available to answer your questions Monday through Friday from 9 a.m. to 5 p.m. Eastern time. You can also e-mail your questions to answerdesk@sba.gov.

Publications

The SBA produces free publications describing the SBA's many programs and services. For copies, call your local SBA field office or the SBA Answer Desk. The Web site for downloadable SBA publications is www.sba.gov/library.

The SBA Home Page

Be sure to check out our home page at www.sba.gov. It offers detailed information on all SBA programs and services, including local resources; other business services; access to SBA OnLine, PRO-Net® and the U.S. Business Advisor (*see next listing*); and SBA Classroom,

an online vehicle for reading articles, taking courses and researching small business issues. The SBA home page also links to many outside resources on the Internet.

U.S. Business Advisor

This Web site provides a one-stop shopping link for small businesses to information and services provided by the federal government. It supplies easy online access to many frequently asked questions about businesses and the federal government. It also provides interactive tools that can be used to find solutions to situations involving the environment, health and safety, and permits you to download many of the forms necessary for regulatory compliance.

The U.S. Business Advisor can also be used to —

- access electronic commerce services, ranging from loan information to trademark registration, export licenses, payroll benefits and tax filing;
- employ Web-based tutorials and online classroom training to find other sources of counseling, education and training;
- interact with buyers and suppliers of equity capital, contracting opportunities, trade leads, and innovation and research grants;
- create a tailored Web page to support international trade activities;
- access laws, regulations and guidance; and
- seek and receive e-mail advice and counseling.

You may access the U.S. Business Advisor at **www.business.gov** or through the SBA's home page.

www.BusinessLaw.gov

This Web site — **www.BusinessLaw.gov** — provides information on legal and regulatory issues for your small business. Through the site, you have access to critical information on topics from advertising to zoning. You can educate yourself on state and local laws, including laws on hiring and managing employees. You can also apply for licenses or permits, e-file tax returns, and confer with other business owners.

Advocacy for Small Business

Office of Advocacy

The SBA's Office of Advocacy serves as a direct link to the small business community and as an advocate of small businesses. It researches pertinent issues, develops policy and legislation, and monitors their effects. The Office of Advocacy produces numerous publications, including an annual report to Congress, *The State of Small Business: A Report to the President*, as well as technical books, and statistical and economic reports. It compiles and interprets statistics on small business and is the primary entity within the federal government that disseminates small business data. The office also oversees compliance with the Regulatory Flexibility Act, is a member of the Occupational Safety and Health Administration's and the Environmental Protection Agency's Small Business Advocacy Review panels, and strives to reduce the impact of regulatory proposals on small businesses. Access the Office of Advocacy's home page at www.sba.gov/advo.

Small Business & Agriculture Regulatory Enforcement Ombudsman

Congress established the Office of the National Ombudsman and 10 regulatory fairness boards in 1996 as part of the Small Business and Agriculture Regulatory Enforcement Fairness Act. That act was designed to ensure that businesses, small government entities and small nonprofit organizations that experience unfair regulatory enforcement actions by federal agencies have a means to register their comments about such actions. The SBA's National Ombudsman seeks to substantiate such comments. Each year the National Ombudsman files a report with Congress on how federal agencies have treated small entities in the process of implementing their regulatory enforcement actions. Public comments are crucial components of these reports. For more information on upcoming hearings, on how to file a comment concerning regulatory enforcement fairness, or on how to locate a regional regulatory fairness board in your area, you may visit www.sba.gov/ombudsman, call toll-free at 1-888-REG-FAIR, or e-mail ombudsman@sba.gov.

Disaster Assistance

Disaster Assistance Loan

When a declared disaster strikes, help is close at hand. The SBA's Disaster Assistance Loan Program — the primary federal program for funding long-range recovery for private-sector, nonagricultural disaster victims — provides assistance to businesses of all sizes and to individuals. Interest rates fluctuate according to statutory formulas. A low interest rate (not to exceed 4 percent) is available to applicants without credit available elsewhere. A higher rate (not to exceed 8 percent) is available for those with credit available elsewhere.

The address for the Disaster Assistance home page is www.sba.gov/disaster.

Loans for Homes and Personal Property

Real Property Loans

This is the major long-term recovery program for individual disaster losses. Loans are available to qualified homeowners for uninsured losses up to \$200,000 to repair or restore their primary residences to pre-disaster condition.

Personal Property Loans

Loans are available to qualified homeowner and renter applicants for uninsured losses up to \$40,000 to repair or replace personal property such as clothing, furniture, cars and so forth. Loans are not intended to replace extraordinarily expensive or irreplaceable items such as antiques, pleasure craft, recreational vehicles, fur coats, etc.

Loans for Businesses

Physical Disaster Business Loans

Loans are available to qualified applicant businesses of any size for uninsured losses up to \$1.5 million to repair or replace business property to pre-disaster conditions. Loans may be used to replace or repair real estate, equipment, fixtures and inventory, and leasehold improvements.

Pre-disaster Mitigation Loans

Loans up to \$50,000 are available for eligible small businesses without credit elsewhere to fund specific projects to prevent disaster damage. The businesses must be located in participating pre-disaster mitigation community locations as designated by the Federal Emergency Management Agency.

Economic Injury Disaster Loans (EIDLs)

Loans of up to \$1.5 million are available for small businesses that sustain economic injury as a direct result of a disaster. These working-capital loans are made to businesses without credit available elsewhere. The loans are to help pay ordinary and necessary operating expenses that would have been payable absent the disaster.

***Note:** When an EIDL and a Physical Disaster Business Loan are combined, the maximum loan amount is \$1.5 million, unless the business is a major source of employment as defined by federal criteria. That means the \$1.5 million limit can be waived for businesses that employ 250 or more people in an affected area.*

Military Reservist Economic Injury Disaster Loans (MREIDLs)

Loans of up to \$1.5 million are available for small businesses that sustain economic injury because an essential employee has been called to active duty as a military reservist. These working-capital loans are made to businesses without credit available elsewhere. The loans are to sustain a small business until operations return to normal following the release of the essential employee from active military duty.

For More Information

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under “U.S. Government” in your telephone directory, or contact:
- Home page: www.sba.gov
- Phone: 1-800-U ASK SBA
- TDD: 704-344-6640
- Fax: 202-481-6190
- E-mail: answerdesk@sba.gov

SBA Resource Partners

Inquire at your local SBA office for the location nearest you.

- Business Information Centers (BICs)
- Service Corps of Retired Executives (SCORE)
- Small Business Development Centers (SBDCs)
- U.S. Export Assistance Centers (USEACs)
- Veterans Business Outreach Centers (VBOCs)
- Women’s Business Centers (WBCs)

Loan Repayment Chart

The chart below provides the amortization factor necessary to determine the monthly principal and interest payment on your loan. The factor is based on loan increments of \$1,000. To obtain the factor, take the following steps:

1. Divide the total (gross) loan amount by \$1,000.

Interest Rate	Loan					
	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs
6.00%	86.07	44.32	30.42	23.49	19.33	16.57
6.25%	86.18	44.43	30.54	23.60	19.45	16.69
6.50%	86.30	44.55	30.65	23.72	19.56	16.81
6.75%	86.41	44.66	30.76	23.82	19.68	16.93
7.00%	86.53	44.77	30.88	23.95	19.80	17.05
7.25%	86.64	44.89	30.99	24.06	19.92	17.17
7.50%	86.76	45.00	31.11	24.18	20.04	17.29
7.75%	86.87	45.11	31.22	24.97	20.16	17.41
8.00%	86.99	45.23	31.34	24.41	20.28	17.53
8.25%	87.10	45.34	31.45	24.53	20.40	17.66
8.50%	87.22	45.46	31.57	24.65	20.52	17.78
8.75%	87.34	45.57	31.68	24.77	20.64	17.90
9.00%	87.45	45.68	31.80	24.88	20.76	18.03
9.25%	87.57	45.80	31.92	25.00	20.88	18.15
9.50%	87.68	45.91	32.03	25.12	21.00	18.27
9.75%	87.80	46.03	32.15	25.24	21.12	18.40
10.00%	87.92	46.15	32.27	25.36	21.25	18.53
10.25%	88.03	46.26	32.38	25.48	21.37	18.65
10.50%	88.15	46.38	32.50	25.60	21.49	18.78
10.75%	88.27	46.49	32.62	25.72	21.62	18.91
11.00%	88.38	46.61	32.74	25.85	21.74	19.03
11.25%	88.50	46.72	32.86	25.97	21.87	19.16
11.50%	88.62	46.84	32.98	26.09	21.99	19.29
11.75%	88.73	46.96	33.10	26.21	22.12	19.42
12.00%	88.85	47.07	33.21	26.33	22.24	19.55
12.25%	88.97	47.19	33.33	26.46	22.37	19.68
12.50%	89.08	47.31	33.45	26.58	22.50	19.81
12.75%	89.20	47.42	33.57	26.70	22.63	19.94
13.00%	89.32	47.54	33.69	26.83	22.75	20.07
13.25%	89.43	47.66	33.81	26.95	22.88	20.21
13.50%	89.55	47.78	33.94	27.08	23.01	20.34
13.75%	89.67	47.90	34.06	27.20	23.14	20.47
14.00%	89.79	48.01	34.18	27.33	23.27	20.61
14.25%	89.90	48.13	34.30	27.45	23.40	20.74
14.50%	90.02	48.25	34.42	27.58	23.53	20.87
14.75%	90.14	48.37	34.54	27.70	23.66	21.01
15.00%	90.26	48.49	34.67	27.83	23.79	21.14
15.25%	90.38	48.61	34.79	27.96	23.92	21.28
15.50%	90.49	48.72	34.91	28.08	24.05	21.42
15.75%	90.61	48.84	35.03	28.21	24.19	21.55
16.00%	90.73	48.96	35.16	28.34	24.32	21.69

2. Using the chart, find the interest rate on your loan in the far-left vertical column, then move horizontally to the column denoting the term of your loan. This number is your amortization factor.

Example: A loan at 8 percent interest with a term of 7 years has a factor of 15.59.

3. Multiply your answer in step 1 by the factor in step 2. The result is your monthly loan payment.

Make sure you consult with your lender for the actual loan terms.

Term

7 yrs	8 yrs	9 yrs	10 yrs	15 yrs	20 yrs	25 yrs
14.61	13.14	12.01	11.10	8.44	7.16	6.44
14.73	13.26	12.13	11.23	8.57	7.31	6.60
14.85	13.39	12.26	11.36	8.71	7.46	6.75
14.97	13.51	12.38	11.48	8.85	7.60	6.91
15.09	13.63	12.51	11.61	8.99	7.75	7.07
15.22	13.76	12.63	11.74	9.13	7.90	7.23
15.34	13.88	12.76	11.87	9.27	8.06	7.39
15.46	14.01	12.89	12.00	9.41	8.21	7.55
15.59	14.14	13.02	12.13	9.56	8.36	7.72
15.71	14.26	13.15	12.27	9.70	8.52	7.88
15.84	14.39	13.28	12.40	9.85	8.68	8.05
15.96	14.52	13.41	12.53	9.99	8.84	8.22
16.09	14.65	13.54	12.67	10.14	9.00	8.39
16.22	14.78	13.68	12.80	10.29	9.16	8.56
16.34	14.91	13.81	12.94	10.44	9.32	8.74
16.47	15.04	13.94	13.08	10.59	9.49	8.91
16.60	15.17	14.08	13.22	10.75	9.65	9.09
16.73	15.31	14.21	13.35	10.90	9.82	9.26
16.86	15.44	14.35	13.49	11.05	9.98	9.44
16.99	15.57	14.49	13.63	11.21	10.15	9.62
17.12	15.71	14.63	13.77	11.37	10.32	9.80
17.25	15.84	14.76	13.92	11.52	10.49	9.98
17.39	15.98	14.90	14.06	11.68	10.66	10.16
17.52	16.12	15.04	14.20	11.84	10.84	10.35
17.65	16.25	15.18	14.35	12.00	11.01	10.53
17.79	16.39	15.33	14.49	12.16	11.19	10.72
17.92	16.53	15.47	14.64	12.33	11.36	10.90
18.06	16.67	15.61	14.78	12.49	11.54	11.09
18.19	16.81	15.75	14.93	12.65	11.72	11.28
18.33	16.95	15.90	15.08	12.82	11.89	11.47
18.46	17.09	16.04	15.23	12.98	12.07	11.66
18.60	17.23	16.19	15.38	13.15	12.25	11.85
18.74	17.37	16.33	15.53	13.32	12.44	12.04
18.88	17.51	16.48	15.68	13.49	12.62	12.23
19.02	17.66	16.63	15.83	13.66	12.80	12.42
19.16	17.80	16.78	15.98	13.83	12.98	12.61
19.30	17.95	16.92	16.13	14.00	13.17	12.81
19.44	18.09	17.07	16.29	14.17	13.35	13.00
19.58	18.24	17.22	16.44	14.34	13.54	13.20
19.72	18.38	17.37	16.60	14.51	13.73	13.39
19.86	18.53	17.53	16.75	14.69	13.91	13.59

SBA — America's Small Business Resource

Did you know that in fiscal 2001 the SBA —

- backed more than \$16.5 billion in financing to America's small businesses?
- approved more than 50,000 small business loans totaling almost \$12.2 billion?
- invested \$4.5 billion in small businesses through its venture-capital program?
- provided more than 48,000 loans totaling more than \$1 billion to disaster victims for residential, personal-property and business loans?
- gave management and technical assistance to an estimated 1.3 million entrepreneurs through its grant programs and resource partners?
- responded to almost a quarter million telephone and e-mail inquiries at the SBA Answer Desk?

Did you know that America's 22.4 million small businesses —

- employ more than 51 percent of the private work force?
- generate more than 51 percent of the nation's gross domestic product?
- are the principal source of new jobs?

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In addition to SBA field offices, there are approximately 1,000 small business development center locations and 389 SCORE chapters to help you start and/or strengthen your business.



U.S. Small Business Administration

409 Third Street, S.W.

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