

U.S. Small Business Administration Programs & Services



SBA.GOV
U.S. Small Business Administration



Maine

When Do I Think - *SBA*?

Your customer's business cash flow or projections can support the debt, but...

- Collateral is insufficient
- Business is a Start Up
- New Ownership/Business Acquisition
- Business Expansion
- Projections based cash flow
- Credit profile does not support the request

Changes Within The SBA

- Streamlining of paperwork & documentation
- Program modifications for a more user-friendly experience
- Adjustments made in response to customer comments
- New programs to meet the need for more small loans

The 7(a) Loan Guarantee Program

Traditional 7(a)

- Maximum Loan Amount of \$5 million
- 85% guarantee on loans of \$150,000 or less
- 75% guarantee on loans >\$150,000
- Guarantee Fees based on guaranteed portion of the loan
 - 2% up to \$150,000 loan (lender retains .25%); 3% loans of \$150K - \$700K; 3.5% up to \$1M; 3.75% over \$1M
- Submit via SendThisFile using the new 10-Tab Submission Template found at:
<http://www.sba.gov/content/7a-submission-instructions-and-checklist>

SBAExpress Program

- Maximum Loan \$350,000
- 50% Guaranty (LOC or Term)
- Lender Documents can be used
- Rates higher than traditional 7a loan rates can be charged
- Submit via E-Tran & retain all documents in the file

SBA PatriotExpress

- Maximum Loan \$500,000
- 75-85% Guaranty (LOC or Term)
- Lender Documents can be used
- Traditional 7a rates
- Submit via E-Tran & retain all documents in the file

Small Loan Advantage 2.0

AKA “7a Light”

- Maximum Loan Amount: \$350,000
- Interest Rates: Mirror 7(a)
- Abbreviated underwriting requirements
- Collateral: Mirrors Express, but at a minimum lien on business assets
- Same level of guarantee as 7(a)
 - 85% for loans of \$150K or less/75% >\$150K
- SBA Express Paperwork (1919, 1920SX B & C)
- Lender loan documents OR SBA documents may be used
- Closing & disbursement procedures should mirror same size, non-SBA Guaranteed loans
- Other requirements mirror “Standard 7(a)” loans
- Pre-screened & Submitted via E-TRAN
- Send This File submission of SBA Forms & Credit Analysis for approval

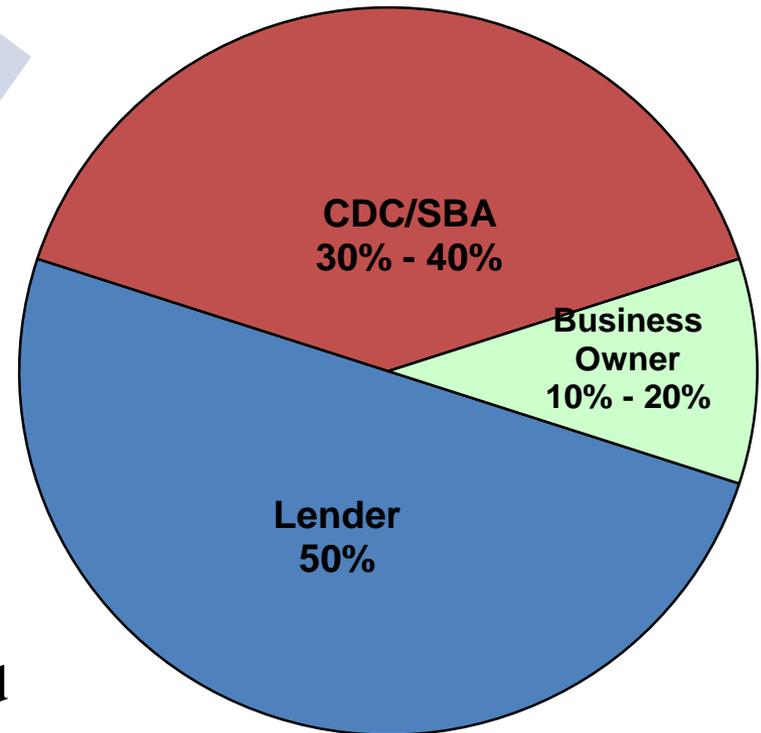
Cap Lines

- Use of funds
 - Working Capital
 - Contract
 - Seasonal
 - Builders' Cap Line
- Max Loan Amount
 - \$5 Million
- Guaranty Percentage
 - 85% - \$150,000 or less
 - 75% - greater than \$150,000
- Maturity
 - Builders – up to 5 years
 - Others - Up to 10 years
- Rates
 - Same as 7(a)

504 Certified Development Company

Program Details

- Maximum SBA Debenture: \$5 million*
 - *\$5.5 million for small manufacturers and specific energy projects
- 1.5% origination fees
- Uses: Long-Term; Fixed Assets
- Maturity: Generally 10 - 20 years
- Maximum Interest: Fixed rate established when debenture backing sold
- Current rates have been approximately 5%, which is very competitive for long term fixed rate commercial financing.
- Owner's Equity injection increases by 5% for a new business and for special use property



SBA 504 Loan Program Selling Points

- For the Borrower:
 - Fixed rate long term financing
 - Fixed rate = predictable payments
 - 80 to 90% financing
 - Lower cash injection preserves working capital
 - Equity source can be an outside loan from an economic development authority OR seller financing
 - ❖ Business cash flow must support the loan
 - Qualifying cash injection already made into the project can serve as the Borrower's equity injection
 - Collateral can be limited to the commercial property being financed if sufficient
- For the Lender:
 - 1st lien position
 - 50% LTV to mitigate risk
 - Rate & fee flexibility for the Lender
 - Minimum term for real estate loans is 10 years (CDC Term 20 years)
 - Minimum term for equipment loans is 7 years (CDC Term 10 years)
 - Can help manage lending limits and industry exposure

FY 2013 - FY 2012

Loan Volume Comparison

	Total Loans	7(a) Loans	504 Loans	7(a) \$	3rd Party 504 \$	Total 7(a) & 3rd Party 504 \$
2012	212	183	29	\$32,705,600	\$14,449,344	\$47,154,944
2013	240	211	29	\$34,511,900	\$19,132,650	\$53,644,550
Variance	28	28	0	\$1,806,300	\$4,683,306	\$6,489,606
% increase	13%	15%	0%	6%	32%	14%

504 Loans up to \$5 million

	504 Loans	504 \$
2012	29	\$10,949,000
2013	29	\$14,088,000
Variance	0	\$3,139,000
% increase	0%	29%

Microloans up to \$50,000 through 5 intermediary lenders

	Microloans	Microloan \$
2012	23	\$483,945
2013	19	\$477,148
Variance	(4)	(\$6,797)
% increase	(17%)	(1%)

The three Community Advantage Lenders in Maine have made
16 loans for \$2,183,000 YTD

FY 2013 YTD Statistics

- 7(a) loan volume is up 15%
- MTD 25 loans for almost \$6 million guaranteed

Maine Statistics FY 2012

- Approved **42** 504 loans totaling \$36,244,031
- Approved **321** 7(a) loans totaling \$44,215,800

SBA Staff in Maine

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Thank You!