U.S. Small Business Administration Programs & Services

New Hampshire
Advantage of SBA’s Guaranty

Factors that determine this range:
- Overall economy
- Lenders’ regulatory environment
- Lenders’ liquidity (or lack thereof)
- Lenders’ competitive environment

Most Viable Business Profile
- Experienced management
- High Debt Service Cash flow
- Sterling credit
- Generous collateral
- Sound business idea
- Financial reserve

Least Viable Business Profile
- No management experience
- No repayment ability
- Impractical business idea
- No financial reserves
- No equity investment

Lender’s Comfort Range
Lenders are comfortable making loans without SBA’s Guaranty

SBA Range

“No Go” Range
Why Do Lenders Use the SBA Guaranty

- New Ownership/Business Acquisition
- Start-up or certain types of businesses
- Collateral may be inadequate to meet normal underwriting
- Longer maturities are needed
- Mitigate risk exposure
- Lender’s legal or policy limit
- Business leverage
- Business Expansion
- Projections based cash flow
Financing—What Does SBA Look For

- Owners and operators with good credit & character
  - Feasible business plan, possess management ability and have experience in field.
  - Sufficient funds, including SBA guaranteed loan, to operate the business on a sound financial basis
  - Adequate equity investment in the business
  - Sufficient collateral, however, SBA is a cash flow lender and not a collateral lender.
  - Demonstrate repayment ability
  - Be operated for profit & not engaged in lending, real-estate development, investments or speculation
Eligible Use of Loan Proceeds

- SBA loans may be used to:
  - Purchase machinery, equipment, fixtures, buildings and land for business;
  - Finance receivables and augment working capital;
  - Refinance existing debt - including credit card debt (with compelling reason);
  - Finance seasonal lines of credit; and/or
  - Expand, renovate facilities;
  - Construct commercial buildings.
  - Change of ownership/purchase of a business
  - Most legitimate business purposes
7(a) Loan Guarantee Program

- Maximum 7(a) Loan Amount of $5 million

  - 50%-85% SBA Guaranty available depending on program and loan amount
    - 85% guarantee on loans of $150,000 or less
    - 75% guarantee on loans >$150,000
    - 50% guarantee on SBA Express loans up to $350,000

- Guarantee Fees based on guaranteed portion of the loan
  - NO FEES FOR LOANS UNDER $125K APPROVED DURING FY’18 (Oct 1 2017 thru Sept 30 2018)
  - 3% loans of $150K - $700K
  - 3.5% up to $1M
  - Plus 3.75% on portion over $1M
7(a) Loan Guarantee Program - cont.

❖ **SBAExpress Program**
  ➢ Maximum Loan $350,000
  ➢ 50% SBA Guaranty (LOC or Term)
  ➢ Rates higher than traditional 7a loan rates can be charged

❖ **Small 7a Loan Program**
  ➢ Credit Scored - Must meet minimum score of 140
  ➢ Maximum Loan Amount: $350,000
  ➢ Term loans only
  ➢ Abbreviated submission requirements
  ➢ Lender loan documents OR SBA documents may be used
Community Advantage is a pilot loan program introduced by the U.S. Small Business Administration (SBA) to meet the credit, management, and technical assistance needs of small businesses in underserved markets. Community Advantage provides mission-based lenders access to 7(a) loan guaranties as high as 85% for loans up to $250,000.

- Strafford Economic Development Corp (SEDC)
- Northern Community Investment Corp (NCIC)
SBA’s New Streamlined Online Lending Platform

**SBA One**

Key Features:

- End to end Loan Origination Solution that currently supports 7a Standard, 7a Small, SBA Express and Community Advantage loans
- Intuitive screens that offer context-sensitive help
- Platform use at no cost to lenders
Fixed Asset Financing

SBA 504 Loan Program in a Nut Shell

Maximum debenture - $5,000,000

50% of project cost is typically financed by a Bank - 1st Mortgage

40% of project cost is financed by CDC – 2nd Mortgage

10% of project cost is equity from borrower

USE of PROCEEDS:

Purchase equipment, Acquisition of land & buildings, New Construction, Building Expansion, Refinance
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