

U.S. Small Business Administration Programs and Services

Since 1953, the SBA has helped small businesses through the many stages of growth. In fact, many big businesses whose names are now household words — Fed Ex, Intel, Nike, Apple, Ben & Jerry's, Compaq and AOL, just to name a few — received help from the SBA along the way.

At the SBA we know that to effectively meet small businesses' rapidly changing needs, we must constantly strive to stay on the cutting edge. We have modernized our technology, leveraged public- and private-sector resources, and reached out in unprecedented ways. As a result, we have a partnership with America's small businesses that works.

This brochure will introduce you to the many programs and services offered by the SBA and our partners. These programs and services can assist you in almost every aspect of starting your business, from developing a business plan to obtaining financing, and from marketing your products and services to managing your company. Our management and technical assistance, business planning, financing and access to federal contracts can guide you through each growth stage of expanding a successful business.

Many of the SBA's services are free. We have listed our local offices on the next page. To see how we can help you, why not give us a call?

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 basically four 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.

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 then guarantee as much as 80 percent on loans up to \$100,000 and 75 percent on loans greater than \$100,000. In most cases, the maximum guaranty is \$750,000 (75 percent of

\$1 million). The International Trade, DELTA and 504 loan programs, described later in this brochure, have higher loan limits.

In guaranteeing the loan, the SBA assures the lender that, in the event 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.

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 application and a credit analysis are forwarded by the lender to the nearest SBA office. Following SBA approval, the lending institution closes the loan and disburses the funds. You make monthly loan payments directly to the lender.

No balloon payments, prepayment penalties, 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;
- refinance existing debt (with compelling reason);
- finance seasonal lines of credit;
- construct commercial buildings; and/or
- purchase land or buildings.

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 sound business purposes.

Maximum Size Standards

A business is considered "small" if it does not exceed the SBA's established size standards. The 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 \$21.5 million in average annual receipts or 1,500 employees, depending on the industry
- Retailing — from \$5 million to \$21 million in average annual receipts, depending on the nature of the business
- General and heavy construction — from \$17 million to \$27.5 million in average annual receipts
- Special trade construction — \$11.5 million in average annual receipts
- Agriculture — from \$500,000 to \$9 million in average annual receipts

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
- 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
- Ability to repay the loan on time from the projected operating cash flow

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 depends on the use of the proceeds and the ability of your business to repay. The general terms are —

- five to 10 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 maximum rate is 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.

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 SBA-guaranteed portion is \$80,000 or less, the guaranty fee is 2 percent of the guaranteed portion. If the maturity is more than one year, and the SBA's portion exceeds \$80,000, the guaranty fee is figured on an incremental scale, beginning at 3 percent.

Collateral

To adequately secure the loan, you must pledge sufficient assets to the extent they are reasonably available. Personal guaranties are 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, however, for insufficient collateral alone.

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 for any dollar amount (except for the Small Asset-Based Line), and the SBA will guarantee up to \$750,000, 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 is an asset-based revolving line of credit designed to assist businesses in need of a short-term line of credit that are also unable to meet credit standards associated with long-term credit. It provides financing for cyclical, growth, recurring and/or short-term needs. Repayment comes from converting short-term assets such as inventory and accounts receivable into cash, which is remitted to the lender. Businesses can continually draw down, based on existing assets, and repay as their cash cycle dictates. This line generally is used by businesses that provide 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.

Collateral

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

Defense Loan and Technical Assistance (DELTA) Program

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.

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, 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. Because of 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.

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 through the SBA home page: www.sba.gov.

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.

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 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 typically provides a guaranty of 75 percent of the loan amount or \$750,000, whichever is lower. For eligible applicants, NADBank pays the borrower's loan guaranty fee or participates as a direct lender. For more information, call the NADBank Los Angeles office at 562-908-2100, or visit the NADBank Web site at www.nadbank-caip.org.

Export Working Capital (EWCP) Program

The Export Working Capital Program 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 \$750,000, whichever is lower.

The EWCP uses streamlined documentation; turnaround is usually within 10 days. Borrowers may also apply to the SBA for a letter of preliminary commitment (see [Loan Prequalification](#)).

You may have other SBA guaranties along with an EWCP loan as long as the SBA's exposure for working-capital loans does not exceed \$750,000. When an EWCP loan is combined with an International Trade Loan (see below), the SBA's combined exposure can increase to \$1.25 million (with \$750,000 as the maximum for the working-capital portion).

Terms, Interest Rates & Fees

The maturity for an EWCP loan 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.

International Trade Loan (ITL) Program

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 (including any other current SBA loan guaranties). The working-capital portion of the loan may be made according to the provisions of the Export Working Capital Program or any other SBA working-capital program.

To be eligible for the ITL Program, a business must establish that the loan proceeds will significantly expand existing markets or develop new export markets, or that the business is adversely affected by import competition. For fixed-asset loans, a business must also establish that upgrading its facilities or equipment will improve its competitive position.

Use of Proceeds

Proceeds may be used for:

- purchasing land and buildings; building new facilities; renovating, improving or expanding existing facilities; purchasing or reconditioning machinery, equipment and fixtures; making other improvements that will be used within the United States for producing goods or services; and/or
- working capital.

Terms, Interest Rates & Fees

A loan for facilities or equipment has a maximum maturity of 25 years, while a working-capital loan has a maximum maturity of 10 years. If the loan proceeds are used for both fixed assets and working capital, the maximum maturity is blended proportionately between the two parts of the loan.

Collateral

The lender takes a first-lien (or first-mortgage) position on behalf of itself and the SBA on items financed under the ITL Program. Only collateral located in the United States, its territories and possessions is acceptable. Additional collateral may be required, including personal guaranties, subordinate liens or items that are not financed by the loan proceeds.

Energy & Conservation Loan

Under this program, financing is available for eligible small businesses engaged in the following: 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's own use.

The maximum SBA guaranty for loans up to \$100,000 is 80 percent. For higher loans up to \$750,000, the maximum guaranty is 75 percent.

Pollution Control Loan

This program assists 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. The program has a maximum SBA exposure of \$1 million, less any outstanding balance due the agency on other loans.

Streamlined Applications & Approvals

Under the SBA's loan-guaranty programs, the borrower applies to a lending institution, not the SBA. The lender applies to the SBA for a loan guaranty, if it determines this is necessary to approve the loan. 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, SBALowDoc, SBAExpress and CommunityExpress. You may obtain a list of SBA participating lenders from your local SBA office.

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 expeditious 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, who account for 7 percent of all SBA business loan guaranties, 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 approval, closing, and most servicing and liquidation authority and responsibility to carefully selected lenders. The PLP is designed only for the strongest credits. SBA loan approval is conducted at the SBA's PLP center in Sacramento, Calif. Turnaround usually takes less than one day. Preferred loans receive the same 75 percent guaranty rate (80 percent on loans of \$100,000 or less) as regular and certified SBA-backed loans. Preferred lenders may use certified or standard processing, if they wish. Preferred loans currently account for approximately 33 percent of SBA loans.

Low Documentation Loan (SBALowDoc)

SBALowDoc 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 SBALowDoc guaranty for up to 80 percent of the loan amount (75 percent when the SBA's share exceeds

\$80,000). 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. Loan proceeds may not be used to repay certain types of existing debt. The loan terms are up to 10 years for working capital and up to 25 years for fixed assets.

Eligibility

The following businesses are eligible for SBA LowDoc:

- businesses (including affiliates) with average annual sales for the past three years not exceeding \$5 million and with 100 or fewer employees;
- if they meet the size standards for their industries — farms; travel agents; real estate agents; engineering, architectural or surveying services; fishing, hunting or trapping entities; and dry cleaning plants; and
- business start-ups.

SBA Express

SBA Express provides selected lenders with a 50 percent guaranty on their loans in exchange for the ability to use their own application and documentation forms. This method makes it easier and faster for lenders to provide small business loans of \$150,000 or less. The SBA provides a rapid response — 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 five years after the first disbursement.

Community Express

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 part of the SBA's New Markets. Under this program, New Markets are defined as current and prospective small businesses owned by minorities, women and veterans who are underrepresented in the population of business

owners compared to their representation in the overall population, and businesses located or locating in Low and Moderate Income urban and rural areas.

While CommunityExpress is similar to SBAExpress, there are some differences.

- CommunityExpress focuses on predesignated geographic areas that primarily serve New Markets.
- The maximum loan amount under CommunityExpress is \$250,000.
- The SBA's guaranty is 80 percent for loans up to \$100,000 and 75 percent for loans between \$100,000 and \$250,000.
- CommunityExpress 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.

Loan Prequalification Program

Under this program, the applicant goes to the lender pre-approved for an SBA loan guaranty. The program primarily assists New Markets with the small business loan-application process. New Markets under this program include segments of the small business community that traditionally may have been underserved by the lending community. Eligible applicants include veterans, exporters, rural business owners, women, minorities, and owners of businesses in selected industries and geographical areas. Local SBA district offices determine their demographic markets for the program and select, train and monitor intermediaries.

An SBA-designated intermediary assists the prospective borrower in developing 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. The maximum loan amount is \$250,000. The SBA will guarantee up to 75 percent (80 percent on loans of \$100,000 or less). The intermediary helps the borrower locate a lender offering the most competitive rates and terms.

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 Program

The SBA's Microloan Program provides very small loans up to \$25,000 to small businesses 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.

A small business in need of a Microloan 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 also 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) Program

Through certified development companies, 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.

CDCs are nonprofit corporations set up to contribute to the economic development of their 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 from a private-sector lender (covering a percentage of the entire cost),
- a loan secured with a junior lien from a CDC (a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the total cost, 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 \$750,000 (and up to \$1 million in some cases).

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
- 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-year and 10-year U.S. Treasury issues, plus a small increment. Maturities of 10 and 20 years are available.

Fees total approximately 3 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 the project assets being financed are used as collateral. Personal guaranties of the principal owners are also required.

Eligibility

To be eligible, a business must be operated for profit and fall within the size standards set by the SBA. Under the 504 Program, a business qualifies as small if it has 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.

Franchise Registry

The SBA Franchise Registry eliminates the lengthy review process otherwise associated with a prospective or existing franchisee’s application for SBA financial assistance. The registry enables the SBA and its participating lenders to check a franchise’s eligibility on the Internet, at www.franchiseregistry.com. The Franchise Registry is available to any company with a method of doing business that fits the Federal Trade Commission’s definition of a "franchise." This includes both business-format and product-name franchisers.

Loan Repayment Chart

The chart provides the information you need to determine your monthly loan payment. The monthly payment includes principal and interest.

The chart 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:

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

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.

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

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

Loan Term

Interest Rate	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs	10 yrs	15 yrs	20 yrs	25 yrs
8.00%	86.99	45.23	31.34	24.41	20.28	17.53	15.59	14.14	13.02	12.13	9.56	8.36	7.72
8.25%	87.10	45.34	31.45	24.53	20.40	17.66	15.71	14.26	13.15	12.27	9.70	8.52	7.88
8.50%	87.22	45.46	31.57	24.65	20.52	17.78	15.84	14.39	13.28	12.40	9.85	8.68	8.05
8.75%	87.34	45.57	31.68	24.77	20.64	17.90	15.96	14.52	13.41	12.53	9.99	8.84	8.22
9.00%	87.45	45.68	31.80	24.88	20.76	18.03	16.09	14.65	13.54	12.67	10.14	9.00	8.39
9.25%	87.57	45.80	31.92	25.00	20.88	18.15	16.22	14.78	13.68	12.80	10.29	9.16	8.56

SMALL BUSINESS STARTUP KIT – SBA PROGRAMS & SERVICES

9.50%	87.68	45.91	32.03	25.12	21.00	18.27	16.34	14.91	13.81	12.94	10.44	9.32	8.74
9.75%	87.80	46.03	32.15	25.24	21.12	18.40	16.47	15.04	13.94	13.08	10.59	9.49	8.91
10.00%	87.92	46.15	32.27	25.36	21.25	18.53	16.60	15.17	14.08	13.22	10.75	9.65	9.09
10.25%	88.03	46.26	32.38	25.48	21.37	18.65	16.73	15.31	14.21	13.35	10.90	9.82	9.26
10.50%	88.15	46.38	32.50	25.60	21.49	18.78	16.86	15.44	14.35	13.49	11.05	9.98	9.44
10.75%	88.27	46.49	32.62	25.72	21.62	18.91	16.99	15.57	14.49	13.63	11.21	10.15	9.62
11.00%	88.38	46.61	32.74	25.85	21.74	19.03	17.12	15.71	14.63	13.77	11.37	10.32	9.80
11.25%	88.50	46.72	32.86	25.97	21.87	19.16	17.25	15.84	14.76	13.92	11.52	10.49	9.98
11.50%	88.62	46.84	32.98	26.09	21.99	19.29	17.39	15.98	14.90	14.06	11.68	10.66	10.16
11.75%	88.73	46.96	33.10	26.21	22.12	19.42	17.52	16.12	15.04	14.20	11.84	10.84	10.35
12.00%	88.85	47.07	33.21	26.33	22.24	19.55	17.65	16.25	15.18	14.35	12.00	11.01	10.53
12.25%	88.97	47.19	33.33	26.46	22.37	19.68	17.79	16.39	15.33	14.49	12.16	11.19	10.72
12.50%	89.08	47.31	33.45	26.58	22.50	19.81	17.92	16.53	15.47	14.64	12.33	11.36	10.90
12.75%	89.20	47.42	33.57	26.70	22.63	19.94	18.06	16.67	15.61	14.78	12.49	11.54	11.09
13.00%	89.32	47.54	33.69	26.83	22.75	20.07	18.19	16.81	15.75	14.93	12.65	11.72	11.28
13.25%	89.43	47.66	33.81	26.95	22.88	20.21	18.33	16.95	15.90	15.08	12.82	11.89	11.47
13.50%	89.55	47.78	33.94	27.08	23.01	20.34	18.46	17.09	16.04	15.23	12.98	12.07	11.66
13.75%	89.67	47.90	34.06	27.20	23.14	20.47	18.60	17.23	16.19	15.38	13.15	12.25	11.85
14.00%	89.79	48.01	34.18	27.33	23.27	20.61	18.74	17.37	16.33	15.53	13.32	12.44	12.04
14.25%	89.90	48.13	34.30	27.45	23.40	20.74	18.88	17.51	16.48	15.68	13.49	12.62	12.23
14.50%	90.02	48.25	34.42	27.58	23.53	20.87	19.02	17.66	16.63	15.83	13.66	12.80	12.42
14.75%	90.14	48.37	34.54	27.70	23.66	21.01	19.16	17.80	16.78	15.98	13.83	12.98	12.61
15.00%	90.26	48.49	34.67	27.83	23.79	21.14	19.30	17.95	16.92	16.13	14.00	13.17	12.81
15.25%	90.38	48.61	34.79	27.96	23.92	21.28	19.44	18.09	17.07	16.29	14.17	13.35	13.00
15.50%	90.49	48.72	34.91	28.08	24.05	21.42	19.58	18.24	17.22	16.44	14.34	13.54	13.20
15.75%	90.61	48.84	35.03	28.21	24.19	21.55	19.72	18.38	17.37	16.60	14.51	13.73	13.39
16.00%	90.73	48.96	35.16	28.34	24.32	21.69	19.86	18.53	17.53	16.75	14.69	13.91	13.59

Should Problems Arise

If your small business encounters difficulties, the SBA is ready to help with expert business counseling and assistance. In the event that 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) Program

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.

Angel Capital Electronic Network (ACE-Net)

ACE-Net provides an Internet-based, secure listing service for entrepreneurs seeking equity financing of \$250,000 to \$5 million from accredited "angel" investors. Using ACE-Net, the angel can negotiate directly with a listed company to provide equity capital funding and advice for a stake in the entrepreneur's corporation.

ACE-Net is operated as a partnership between the SBA's Office of Advocacy and a number of nonprofit organizations nationwide. It will ultimately be turned over to a private nonprofit organization. You can access ACE-Net at <http://www.sba.gov/services/acenet.html>.

Surety Bond Guarantee Program

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 \$1.25 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

Breakout Procurement

Through this program the SBA promotes, influences and enhances the breakout of historically sole-source federal government contracts into full and open competition. The goals are to increase the number of federal contracts available to small businesses and achieve significant savings for the federal government.

Prime Contracting

To increase opportunities for small businesses in the federal acquisition process, the SBA initiates 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) Program

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.

Women-Owned Business Procurement

This multifaceted program shows women how to market to the federal government. It also works to increase the pool of qualified women business owners by holding procurement conferences at major federal buying sites. Women business owners registered in PRO-Net® (see next listing) will have special opportunities in federal procurements of less than \$100,000 under an agreement signed between the Office of Federal Procurement Policy and the SBA. For such procurements, the contracting agency can request a waiver from advertising in the Commerce Business Daily if the contracting officer solicits bid information from five small businesses — at least one women-owned and one small disadvantaged business — registered in the PRO-Net® database. The program Web site is www.sba.gov/gc/wbpprgm.html.

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. It also provides links to the online Commerce Business Daily, federal agency home pages and other sources of procurement opportunities. PRO-Net® offers free registration to small businesses. Simply access the PRO-Net® Web site at <http://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.

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 that seek U.S. business alliances through direct product sales, licensing or franchising agreements. You can access TM Online at www.sba.gov/tmonline.

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 Program

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. After

determining eligibility, the SBA lists qualified businesses in the PRO-Net® database. The HUBZone Web site is www.sba.gov/hubzone.

Research & Development Assistance

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. Proponents of R&D proposals are awarded federal grants 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. You can access www.sba.gov/sbir for more information on R&D assistance programs.

Counseling & Technical Assistance

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.

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 for addressing 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.

Service Corps of Retired Executives (SCORE)

Nationwide, 11,500 SCORE volunteers in 389 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.

Assistance for Armed Forces Veterans

Veterans Business Outreach Program

The SBA's Veterans Business Outreach Program ensures 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 in effect with four entities, each serving one of the following SBA regions: 2, 3, 4 and 6. The program will be expanded to the agency's remaining six regions in fiscal 2001. Contact us to find out the geographic area covered by each region.

Veterans Distance Learning Program

An online resource specifically designed to address the concerns of veterans, the Veterans Distance Learning Program provides training in both English and Spanish on a variety of entrepreneurial topics. Each course requires 15 to 20 minutes to complete and offers rapid feedback on the student's progress. The curriculum includes courses such as credit repair and financial management, business development planning, and starting a home-based business. You can access the courses by visiting www.sba.gov/vets.

Assistance for Exporters

U.S. Export Assistance Centers (USEACs)

USEACs combine in single locations the trade-promotion and export-finance assistance of the SBA, the U.S. Department of Commerce and the Export-Import Bank of the United States. USEACs also work closely with other federal, state and local international trade-assistance partners. To find the USEAC nearest you, contact your local SBA office or visit 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 to exporters a complimentary initial legal consultation with an international trade attorney. To access this program, contact your local SBA field office.

TradeNet's Export Advisor

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 MyExport. You can access TradeNet at www.tradenet.gov.

The Export Trade Assistance Partnership (E-TAP)

E-TAP is a program designed to assist small business owners in becoming export-ready and competing 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 around the world. 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](#)).

Assistance for Native Americans

Tribal Business Information Centers (TBICs)

As SBA resource partners, TBICs offer entrepreneurs access to state-of-the-art computer and software technology, one-to-one business counseling services, and business management workshops. TBICs currently serve Native American reservation communities in California, Minnesota, Montana, North Carolina, North Dakota, South Dakota, and the Navajo Nation. They are operated with individual and tribe- owned organizations; other federal, state and local agencies; nonprofit organizations; and national Native American organizations. 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, you may contact your local SBA district office, call the SBA Office of SDB Certification & Eligibility at 1-800-558-0884, or access the application on the Web at www.sba.gov/sdb/forms.

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. 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 the 8(a) and 7(j) programs at www.sba.gov/med.

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 the Office of Women's Business Ownership home page at www.sba.gov/womeninbusiness.

Online Women's Business Center

This state-of-the-art 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; topic forums; newsgroups; information in Spanish, Russian and several other languages; and a data resource guide with a state-by-state listing of the professional services women need to start and build their businesses. You can access the Online Women's Business Center at www.onlinewbc.org.

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 130 WNET roundtables nationwide.

Business Information Services

Answer Desk

A computerized, toll-free, telephone message system, the SBA Answer Desk provides you with 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.

SBA OnLine

SBA OnLine is an electronic bulletin board that provides information about the agency's programs and services for starting and running a small business. It also includes many SBA publications. Accessed by modem (9600, n, 8, 1), it operates 23 hours a day, seven days a week, and is updated daily. You can access SBA OnLine by dialing 1-800-697-4636 (limited access) or 1-900-463-4636 (full access). The number for the Washington D.C. metropolitan area is 202-401-9600.

SBA Home Page

Be sure to check out our home page. It offers detailed information on all SBA programs and services, including local resources; other business services; access to SBA OnLine, ACE-Net, 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 World Wide Web. The home page address is www.sba.gov.

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 of the most 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, 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 through the SBA home page or directly at www.business.gov.

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 of the President*, as well as technical books and statistical and economic reports. It compiles and interprets statistics on small business and is the primary agency 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. The Office of Advocacy's home page is www.sba.gov/advo.

Small Business Regulatory Enforcement Ombudsman

The small business and agriculture regulatory enforcement ombudsman and 10 regional fairness boards have been established to receive comments from small businesses about federal agency enforcement actions. The National Ombudsman annually evaluates enforcement activities and rates each agency's responsiveness to small businesses. For more information or to comment on regulatory fairness, call toll-free at 1-888-REG-FAIR, or access www.sba.gov/regfair.