



Financing Options

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7(a) Loan Program

SBA's primary business loan program

- Broad eligibility requirements
 - Wide range of financing needs
 - Increase in the maximum 7(a) loan amount to \$5MM, guaranty amount to \$3.75MM.
 - Maximum guaranty 85% up to \$150k
 - Maximum guaranty 75% over \$150k



Loan Fee Elimination for FY2014:

- 7(a) loans \$150,000 and under—savings avg. \$950/loan to date***
- 7 (a) Express Loans to Veterans for under \$350,000***



Financing Your Business

7(a) Loan Program Maturities and Size

- Maximum Maturities
 - 5 – 10 years for working capital, machinery, and equipment
 - Up to 25 years for real estate, construction
- \$15MM in tangible net worth; \$5MM in net profits
- All loans \$350,000 and under now use simplified credit scoring



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CAPLines of Credit

- **Contract Loan Program**-materials/labor/overhead for specific contracts.
- **Seasonal Line of Credit Program**-support inventory buildup/ accounts receivable/labor/materials above normal.
- **Builders Line Program**-construction or rehabilitation of residential or commercial property.
- **Working Capital Line**-revolving line of credit for working capital.

- Maximum loan amount: \$5,000,000
- Maximum guaranty: 75%-85%
- Uses: revolving line of credit/term loan
- Guaranty fees: vary with amount/type of loan



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Express Loans

- 50% Guarantee
- Up to \$350,000
- Includes Lines of Credit
- Lender makes credit decision
- Up-front fees waived for vets
(Veterans' Advantage until 9/30)

Community Advantage 7(a) Loan

***Opens 7(a) lending to community based, mission-focused lenders
CDFIs, CDCs, and Micro-lenders***

- **Maximum Loan Size:** \$250,000
- **Guarantee:** 85% up to \$150,000; 75% for more.
- **Approval Times:** 5-10 days for most Community Advantage loans
Paperwork: Two-page application for borrowers
- **Lender Requirements:** Expected to maintain 60% of their portfolios in underserved markets
- **Time Frame:** 3 Year Pilot Initiative; extended to 3/15/17



WI Community Advantage Lenders

- Milwaukee Economic Development Corporation
Milwaukee
- Wisconsin Women's Business Initiative Corporation
Milwaukee
- Legacy Redevelopment Corp., *Milwaukee*
- Lincoln Opportunity Fund, *Milwaukee*

***5 loans for \$680,000 in 2013; first CA loans for Wisconsin
9 loans for \$1.3 million in 2014 (6/30)***



Export Loan Programs

Higher Loan Limits

President's National Export Initiative

- **Export Express is now a permanent program**
 - Max loan is \$500,000
 - 90% guarantees for loans up to \$350,000 and 75% for loans between \$350,000 and \$500,000
- **Export Working Capital Program**
 - Maximum amount is increased to \$5,000,000
 - Maximum guaranty of 90%
- **International Trade loans**
 - Increased to a maximum amount of \$5,000,000
 - Maximum guaranty of 90%



Financing Your Business

504/Certified Development Company

- Maximum loan amount: \$5.0 to \$5.5 million
- Project costs:
 - » financed by 504 loan 40%
 - » lender finances 50%
 - » equity finances 10-20%
- Uses: long-term; fixed assets
- Maturity: generally 10-20 years
- Maximum interest: fixed rate established when debenture backing sold; some exceptions



7(a) and 504 Loans FY 2013 ***Wisconsin SBA***

October 1, 2012- September 30, 2013

**1,656 loan guarantees for 7(a) and 504
loans**

for \$657.4 million

(501 startups)

Vets: 92 /\$47.8 million; SDVs 15 /\$10.5 million



LENDING INDUSTRIES 7(a) and 504 LOANS FY 2013

| | | |
|--|----------------|------|
| Grand Total | \$ 657,412,800 | 1656 |
| Manufacturing | \$ 139,647,200 | 255 |
| Retail Trade | \$ 98,399,500 | 226 |
| Accommodation and Food Services | \$ 97,673,500 | 237 |
| Health Care and Social Assistance | \$ 54,331,600 | 132 |
| Professional, Scientific, and Technical Services | \$ 38,628,800 | 134 |
| Agriculture, Forestry, Fishing and Hunting | \$ 31,165,700 | 34 |
| Other Services (except Public Administration) | \$ 30,603,000 | 137 |
| Wholesale Trade | \$ 28,569,300 | 64 |
| Real Estate and Rental and Leasing | \$ 27,470,100 | 48 |
| Arts, Entertainment, and Recreation | \$ 26,874,000 | 50 |
| Construction | \$ 25,028,700 | 147 |
| Transportation and Warehousing | \$ 20,615,800 | 66 |
| Administrative and Support and Waste Management and Remediation Services | \$ 18,625,100 | 67 |
| Finance and Insurance | \$ 8,307,300 | 21 |
| Information | \$ 7,301,300 | 18 |
| Educational Services | \$ 2,137,900 | 14 |
| Mining | \$ 2,034,000 | 6 |



7(a) and 504 Loans FY 2014

October 1, 2013-June 30, 2014

1221 loan guarantees

for \$379.8 million

393 (32%) were startups

***Number of 7(a) loans YTD has increased 1.9 % over
2013***



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LENDING INDUSTRIES

7(a) and 504 LOANS FY 2014 (to 7/18)

| NAICS DESCRIPTION | \$\$ | ## |
|--|----------------|-------|
| Grand Total | \$ 414,688,500 | 1,295 |
| Manufacturing | \$ 77,771,900 | 165 |
| Accommodation and Food Services | \$ 65,446,300 | 186 |
| Retail Trade | \$ 55,470,300 | 150 |
| Health Care and Social Assistance | \$ 42,659,200 | 125 |
| Construction | \$ 26,268,500 | 128 |
| Professional, Scientific, and Technical Services | \$ 26,267,200 | 115 |
| Other Services (except Public Administration) | \$ 24,989,400 | 104 |
| Wholesale Trade | \$ 19,748,000 | 70 |
| Arts, Entertainment, and Recreation | \$ 19,624,700 | 43 |
| Transportation and Warehousing | \$ 13,599,400 | 46 |
| Real Estate and Rental and Leasing | \$ 13,224,900 | 34 |
| Agriculture, Forestry, Fishing and Hunting | \$ 11,788,500 | 23 |
| Administrative and Support and Waste Management and Remediation Services | \$ 8,886,100 | 56 |
| Information | \$ 3,451,900 | 14 |
| Educational Services | \$ 2,764,200 | 15 |
| Finance and Insurance | \$ 2,598,000 | 19 |
| Mining | \$ 130,000 | 2 |



U.S. Small Business Administration

Micro-loan Program

- Maximum loan amount: \$50,000
- Maximum guaranty: N/A
- Uses: purchase machinery, equipment, fixtures, working capital, leasehold improvements; increased receivables
- Maturity: shortest term possible (6 years or less)
- Maximum interest: negotiable with intermediary
- Guaranty fees: none



U.S. Small Business Administration

Wisconsin Micro-lenders

- **Advocap**, Fond du Lac and Oshkosh
- **First American Capital Corp.**, West Allis
(Subsidiary of the American Indian Chamber)
- **Green Bay Area Chamber of Commerce Foundation - Advance Brown County Micro Loan Program**, Green Bay
- **Impact Seven, Inc.** , Almena
- **Northeast Entrepreneur Fund**, Superior
- **WI Women's Business Initiative Corp.**, Milwaukee, Racine, Kenosha & Madison
- **CAP Services**, Stevens Point
- **Northwest Regional Planning Commission**, Northwest Wisconsin
- **Lincoln Opportunity Fund**, statewide



Wisconsin Micro-loans

**FY2013 (total): 119 loans/\$2.8 million
(67 startups)**

**FY2014 (6/30) : 84 loans/\$1.8 million
(44 Start-ups)**



Surety Bonds

Three Types

- ❑ ***Bid Bond:*** Guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bonds if awarded the contract.

- ❑ ***Payment Bond:*** Guarantees that suppliers and subcontractors will be paid for work performed under the contract.

- ❑ ***Performance Bond:*** Guarantees that the contractor will perform the contract in accordance with its terms and conditions.*
(*The term Final Bond means Payment Bond, Performance Bond or both Payment and Performance Bond.)



Surety Bonds Changes

- ❑ National Defense Authorization Act
- ❑ Surety Bonds raised from \$2 million to \$6.5 million
- ❑ For Federal Contracts with the contracting office stating a need the limit is raised to \$10 million.
- ❑ **NEW in 2014:** Expedited processing for bonds \$250,000 and less



Counseling

- Extensive network of resource partners
Counseling services & classes free or low cost
- More than 20,000 served in Wisconsin in 2013
 - SCORE (8 chapters with 17 locations)
 - SBDC's (12 with locations at UW extensions)
 - Women's Business Centers (3 with 7 locations)
- To locate offices near you: www.sba.gov and click on "get local assistance"

Training

Over 100 free online courses at SBA.gov

- Business planning
- Finance
- Marketing
- **Government contracting-14 courses with multiple sessions**
- You Tube videos of webinars, events, and courses

Free webinars and call in sessions

Entrepreneurial education classes (targeted audiences)

- V-Wise (women veterans)
- Boots to Business (transitioning military service members)- includes spouses
- Boots to Business: Reboot—includes all veterans
- Emerging Leaders (Urban CEOs)-in progress now



U.S. Small Business Administration

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