



U.S. Small Business
Administration

**The SBA works to ignite change and spark action
so small businesses can confidently**



START • GROW • EXPAND • RECOVER

Local Areas of Focus



Equitable access to capital



Increase contracting opportunities



Supported by technical assistance

SBA Financing Programs

- 7(a) Guaranteed Loan Program
 - Over 100 participating lenders in FY 2022
- 504 Loan Program
 - Ameritrust CDC www.ameritrustcdc.org
 - Evergreen Business Capital www.evergreen504.org
 - Northwest Business Development Association www.nwbusiness.org
- Community Advantage Program
- Micro Loan Program

Uses of 7(a) Loans

- **Lines of credit** for operating expenses, contracts
- **Term loans** for working capital, inventory, payables, equipment, debt refinance, changes of ownership, tenant improvements, acquiring new or existing owner-occupied real estate
- Pre-Covid, about 1/4 of loans go to start-ups (businesses in operation 0-2 years)

Program	Maximum Loan Amount	Percent of Guaranty	Eligible Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees (Based on Gtd. Portion)	Who Qualifies	Benefits to Borrowers
7(a) Loans	\$5 million	85% guaranty for loans of \$150,000 or less; 75% guaranty for loans greater than \$150,000 (up to \$3.75M maximum guaranty)	Term Loan. Expansion/renovation; new construction, purchase land or buildings; purchase equipment, fixtures, leasehold improvements; working capital; refinance debt for compelling reasons; for inventory or starting or purchasing a business. Only owner-occupied commercial real estate is eligible.	Depends on ability to repay. Generally, working capital not to exceed 10 years; Equipment, fixtures, or furniture not to exceed 10 years. Except term may be up to 15 years if IRS asset class useful life supports longer term. Lender must document in credit memo justification of any term that exceeds 10 years; real estate up to 25 years. No balloons or demand features permitted.	Effective Aug. 1, 2022 \$50,000 or less Prime + 6.5% \$50,001 - \$250,000 P + 6% \$250,001—\$350,000 P + 4.5% \$350,001 and greater P + 3% Fixed Rate: https://catran.sba.gov/ftadistapps/ftawiki/index.cfm . See Downloads and Resources section.	Charged on guaranteed portion Guaranty Fee: \$500,000 or less= 0%; \$500,001 to \$700,000= 0.55%; \$700,001 to \$1 million = 1.05%; \$1,000,001 to \$5,000,000= 3.5% up to \$1 million, plus 3.75% of gtd. portion over \$1 million. Loans 12 months or less of \$500,000 or less = 0%; over \$500K = 0.25% Ongoing lender fee: \$500,000 and less = 0.00%. \$500,001 to \$5,000,000 = 0.55%.	Must be a for-profit business & meet SBA size standards; show good character, credit, management, and ability to repay. Must be an eligible type of business. Prepayment penalty for loans with maturities of 15 years or more if prepaid during first 3 years. (5% year 1, 3% year 2 and 1% year 3)	Long-term financing; Improved cash flow; Fixed maturity; No balloons; No prepayment penalty (under 15 years)
7(a)Small Loans Is any 7(a) loan \$350,000 and under, except the Community Advantage and Express loans	\$350,000	Same as 7(a) Loans	Same as 7(a) Loans	Same as 7(a) Loans	Same as 7(a) Loans	Same as 7(a) Loans	Same as 7(a) Plus, all loan applications will be credit scored by SBA. If not an acceptable score, the loan can be submitted via full standard 7(a) or Express.	Same as 7(a) Loans
SBAExpress	\$500,000	50% regardless of loan amount.	May be used for revolving lines of credit (must have term-out period not less than draw period) or for a term loan.	LOC: Max period Revolver = 60 mo.; Max term out period = 60 mo. For total of 10 yrs. Term loan: same as 7(a)	Same as 7(a) Loans	Same as 7(a) Loans	Same as 7(a) Loans	Fast turnaround; Streamlined process; Easy-to-use line of credit

Interest Rate Bases

WJS Prime; SBA PEG Rate; SBA Fixed Rate

WSJ Prime Index:

- changes on the first business day of the month;
- it is based on the last prime rate for the prior month;
- the Prime index is currently 7.5%

SBA PEG Rate:

SBA calculates the PEG rate

It may change every calendar quarter

SBA Fixed Rate:

The index is used to fix the interest rate for the life of the SBA loan

Link to the indexes: [FTA Wiki \(sba.gov\)](#)

Program	Maximum Loan Amount	Percent of Guaranty	Eligible Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees (Based on Gtd. Portion)	Who Qualifies	Benefits to Borrowers
SBA Loans to Veterans	Processed under SBA Express so same as above limit of \$500,000	Same as SBAExpress	Same as SBAExpress	Same as SBAExpress	Same as 7(a) Loans	For all SBA Express loans made to veteran-owned small businesses, upfront guaranty fee will be zero. Lenders must document in loan file with veteran eligibility using the documentation to Notice 5000-818641 .	Same as 7(a) plus, small business must be owned and controlled (51%+) by one or more of the following groups: veteran, active-duty military in TAP, reservist or National Guard member or a spouse of any of these groups, or a widowed spouse of a service member or veteran who died during service, or a service-connected disability.	Same as SBAExpress and no upfront guaranty fee.
CapLines: 1. Working Capital; 2. Contract; 3. Seasonal; and 4. Builders	\$5 million	Same as 7(a) Loans	Finance seasonal and/or short-term working capital needs; cost to perform contract; construction costs; advances against existing inventory and receivables; consolidation of short-term debts. May be revolving.	Up to 10 years, except Builder's CAPLine, which is 5 years	Same as 7(a) Loans	Same as 7(a) Loans	Same as 7(a) Loans. Plus, all lenders must execute Form 750	1. Working Capital - (LOC) Revolving Line of Credit 2. Contract - can finance all costs (excluding profit). 3. Seasonal - Seasonal working capital needs. 4. Builder - Finances direct costs in building a commercial or residential structure
Community Advantage Mission-focused lenders only. Expires 9/30/2024	\$350,000	Same as 7(a) Loans	Same as 7(a) Loans. Approved CA Lenders by SBA may make revolving lines of credit.	Same as 7(a) Loans	0- \$50,000 Prime + 6.5% \$50,001 - \$250,000 P + 6% \$250,001— \$350,000 P + 4.5%	Same as 7(a) Loans \$350,000 or less= 0%	Same as 7(a) Small Loans	Same as 7(a) Plus lenders must be CDFIs, CDCs, micro-lender or SBA Intermediary Lenders targeting underserved market.

Program	Maximum Loan Amount	Percent of Guaranty	Eligible Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees (Based on Gtd. Portion)	Who Qualifies	Benefits to Borrowers
International Trade	\$5 million	90% guaranty (up to \$4.5M Max. guaranty) (Up to \$4M max. guaranty for working capital)	Term loan for permanent working capital, equipment, facilities, land and buildings and debt refinance related to international trade.	Up to 25 years.	Same as 7(a) Loans	Same as 7(a) Loans	Same as 7(a) Loans. Plus, engaged or preparing to engage in international trade or adversely affected by competition from imports.	Long term financing to allow small business to compete more effectively in the international marketplace
Export Working Capital Program	\$5 million	90% guaranty (up to \$4.5M maximum guaranty)	Short-term, working-capital loans for exporters. May be transaction based or asset-based. Can also support standby letters of credit	Up to 3 years	No SBA maximum interest rate cap, but SBA monitors for reasonableness	Based on Maturity : 12 months or less: 0.25%; Between 13 months and 24 months: 0.525%; Between 25 months and 36 months: 0.80%. All based on guaranteed portion.	Same as 7(a) Loans. Plus, need short-term working capital for direct or indirect exporting.	Additional working capital to increase export sales without disrupting domestic financing and business plan
Export Express	\$500,000. This amount is NOT reduced by any SBA Express Loan amounts.	90% guaranty for loans of \$350,000 or less; 75% guaranty for loans greater than \$350,000	Same as SBAExpress plus standby letters of credit. No requirement for term out period	LOC: Max = 84 mo.; Term loan: same as 7(a)	Same as 7(a) Loans	Same as 7(a) Loans	Applicant must demonstrate that loan will enable them to enter a new, or expand in an existing export market. Business must have been in operation for at least 12 months (though not necessarily in exporting).	Fast turnaround; Streamlined process; Easy-to-use line of credit Loan can be for direct or indirect exporting.
504 Loans Provided through Certified Development Companies (CDCs) which are licensed by SBA	504 CDC maximum amount ranges from \$5 million to \$5.5 million, depending on type of business or project.	Project costs financed as follows: CDC: up to 40% Lender: 50% (Non-guaranteed) Equity: 10% plus additional 5% if new business and/or 5% if special use property	Long-term, fixed-asset loans; Lender (non-guaranteed) financing secured by first lien on project assets. CDC loan provided from SBA 100% guaranteed debenture sold to investors at fixed rate secured by 2nd lien.	CDC Loan: 10, 20 or 25-year term fixed interest rate. Lender Loan: Unguaranteed financing may have a shorter term. May be fixed or adjustable interest rate	Fixed rate on 504 Loan established when the debenture backed loan is sold. Declining prepayment penalty for 1/2 of term.	Upfront guaranty fee = 0% (0 basis points). Annual service fee = 0.4405% (44.05 basis points) of outstanding balance of loan.	Alternative Size Standard: For-profit businesses that do not exceed \$15M in tangible net worth, and do not have an average two full fiscal year net income over \$5M. Owner Occupied 51% for existing building or 60% for new construction of a building.	Low down payment – equity (10,15 or 20%) (The equity may be borrowed as long as it is not from an SBA loan) Fees can be financed; SBA /CDC Portion: Long-term fixed rate Full amortization No balloons

Program	Maximum Loan Amount	Percent of Guaranty	Eligible Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees (Based on Gtd. Portion)	Who Qualifies	Benefits to Borrowers
504 Loan Refinancing Program (Permanent) Provided through Certified Development Companies (CDCs) which are licensed by SBA See Notice 5000-808830 for details.	Same as 504	Loan to Value (LTV) with Qualified Debt (85% of the proceeds must have been originally used to acquire an Eligible Fixed Asset), and “Other Secured Debt” secured by the Eligible Fix Asset. May include the financing of eligible Business Operating Expenses as part of the refinancing.	Refinancing of Qualified Debt (85% of the proceeds must have been originally used to acquire an Eligible Fixed Asset), and “Other Secured Debt” secured by the Eligible Fix Asset. May include the financing of eligible Business Operating Expenses as part of the refinancing.	Same as 504	Same as 504	Same as 504 above except annual service fee = 0.4405% plus 0.0145%, for a total of 0.4405% (44.05 basis points plus 1.54 basis points for a total of 45.59 basis points) of outstanding balance of loan.	Was incurred not less than 6 months prior to date of application. Has been secured by Eligible Fixed Asset(s) for at least six months; May include debt subject to a federal guarantee under certain conditions. Cannot be a 504 Third Party Loan which is part of an existing SBA 504 project.	Business can access equity in their commercial real estate for business operating expenses or refinance property on reasonable terms. Fees can be financed; SBA /CDC Portion: Long-term fixed rate Full amortization No balloons
Non-7(a) Loans Microloans Loans through nonprofit lending organizations; technical assistance provided.	\$50,000	Not applicable	Working capital, supplies, machinery & equipment, fixtures; etc. Intermediary may chose to refinance debt. Cannot be used for real estate.	Shortest term possible, not to exceed 7 years	Negotiable with intermediary. Up to 7.75% for loans over \$10,000 or 8.5% for loans under \$10,000 above intermediary cost of funds.	No guaranty fee	Same as 7(a) Loans	Direct loans from nonprofit intermediary lenders; Fixed-rate financing; Very small loan amounts; Technical assistance available

U.S. Small Business Administration
 409 3rd Street, S.W.
 Washington, DC 20416

SBA Answer Desk
 1-800-827-5722
www.sba.gov

This is an overview and does not include full policy and procedures. See the current Lender and Development Company Loan Programs SOP 50 10 for more details.

OCTOBER 2022

SBA 504 Loan Program

For the Acquisition or Refinance of Fixed Assets

Funds may be used to:

- Purchase equipment
- Purchase owner-occupied commercial real estate
- Purchase land and construct an owner-occupied commercial building
- Refinance debt on equipment and owner-occupied commercial real estate

Features of the SBA 504 Loan

How the Financing is Structured

- A lender finances 50% of the total project
- The SBA through the CDC processing agent finances 30% to 40% of the total project
- The borrower's capital injection is 10% to 20% of the total project
 - 10% for a business in operation 2+ years with a general-purpose building
 - Additional 5% for a business in operation less than 2 years
 - Additional 5% for a special use building

What Lenders Look For

The Five Cs of Credit

Capacity

Cash Flow

Capital/Contribution

Collateral

Character

Other Resources in Our District:

Lenders

Technical Assistance Providers

Other Financing Sources

SBA Microloan Program for funding up to \$50,000

- Business Impact Northwest www.businessimpactnw.org
- Ventures www.venturesnonprofit.org
- SNAP www.snapwa.org (Spokane County Only)
- New Roots www.newrootsfund.org (Interstate 5 Corridor)

Other Financing Sources

Community Advantage

- Craft 3 www.craft3.org
- Evergreen Business Capital
www.evergreen504.org

Lender Match www.sba.gov/lendermatch

US Department of Agriculture www.usda.gov

Additional Resources

If you are an aspiring entrepreneur or small business owner looking for:

- **Mentorship and advice** from volunteer real-world business executives—in-person or virtually
 - **Free online workshops** and webinars
 - **Free Business plan templates** and reviews
-



SCORE Business Mentors

5 SCORE chapters across Washington

www.score.org

Additional Resources

If you're small business owner looking for:

- **Free business consulting** to grow your business
 - **Low-cost training** on crucial topics
-



**Small Business
Development Centers**

28 offices across Washington

<https://wsbdc.org/>

(833) 492-7232

Washington@wsbdc.org

Additional Resources

If you are an aspiring or current woman small business owner looking for:

- **Comprehensive training and counseling** on a variety of topics in several languages
 - **Business advice** to level the playing field against unique challenges or obstacles
-



Women's Business Centers

Spokane

<https://snapfinancialaccess.org/womens-business-center/>



Lacey

<https://wcwb.org/>



Seattle

<https://businessimpactnw.org/wwbc>

Additional Resources

If you are a veteran of the US military or a military spouse in need of:

- **Counseling or transition assistance**
 - **Training and advice** to start or grow your business, or purchase a new business
 - **Resource referrals**
-

U.S. SMALL BUSINESS ADMINISTRATION



Veteran's Business Outreach Centers

Seattle

(206) 324-4330

<https://businessimpactnw.org/vboc>

vboc@businessimpactnw.org

Community Navigator Program

The Community Navigator Pilot Program, is an American Rescue Plan initiative designed to reduce barriers that all small businesses, including those owned by disadvantaged groups such as veterans, women, and those from rural communities and communities of color, often face in accessing critical support.

Urban League of Metropolitan Seattle

105 14th Ave Suite 200

Seattle

(206) 461-3792

Taala Fund

4471 State Route 109

Pacific Beach

(360) 276-0118