

SBA Loans



Loans for Startups and what the credit union will look for

Getting a loan for your start up business can be a challenge but is possible. Startup loans may be used for real estate, equipment, or working capital. Here are some particulars:

- Loan amounts up to \$5 million. SBA's average loan amount is \$337,730
- Loan terms of up to 10 years for working capital, 10 years for equipment, 25 years for real estate
- The loan needs to be secured by collateral (usually your personal residence)
- A personal guarantee is required of all owners with 20% or greater ownership
- There will be a "blanket lien" placed on all assets of owners
- A 15% or more down payment will be required

Interest rates are based on prime rate plus a markup up to 6.50% percent (based on loan size and risk), loans are generally variable-rate.

Important Underwriting factors when looking at this type of loan:

- You'll need great personal credit 700+
- No bankruptcies or judgements
- Positive personal net worth
- Business plan with three years financial projections
- Collateral for offer for the loan

How to Get a Business Loan

1. [What criteria do institutions look for in making small business loans?](#)

To consider your application for a small business loan, Gesa Credit Union will require:

- The loan must be for a sound business purpose. The business must be eligible based on size, use of loan proceeds and the nature of the business (no lending, speculating, passive investment, pyramid sales, gambling, etc.)
- You and your partner(s), if any, are of good character, have experience and good personal and/or business credit history
- Ability to pay back the loan- Strong collateral (personal and business assets) is very important. The credit union expects the loan to be fully secured when possible. Also, owners must have personal equity investment in the business.

2. [What information will you need to apply?](#)

- Personal and business financial statements for existing and startup businesses and as well as a projected financial statement
- Strong, detailed business plan (including personal information such as bios, education, etc.) Cash flow projections for at least 3 years.

3. How can you get financing to start a business since many institutions want to fund growth?

Start-ups are probably the most difficult ventures when it comes to securing financing. Many start-up businesses seek financing from family, friends and credit cards. If the credit is sound, the business plan strong and you have enough personal resources to invest and collateral to guarantee then Gesa Credit Union may consider lending you money.

4. Are there associations that can help?

Credit Unions works closely with a large network of partners that leverage resources and are just one phone call away and ready to provide extensive help.

- SBA District/Branch Offices– at least one in every state
- SCORE– (approximately 300 chapters nationwide)
- SBDCs – Small Business Development Centers; (approximately 900 locations nationwide; associated with higher education institutions (colleges and universities)
- WBCs- Women’s Business Centers (approximately 100 educational centers nationwide)

The information in this handout is pertaining to borrowing with Gesa Credit Union and borrower should contact SBA for full program details. Some of the information discussed are more restrictive than the SBA SOPs.

All loans are subject to underwriting and credit approval.

Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

