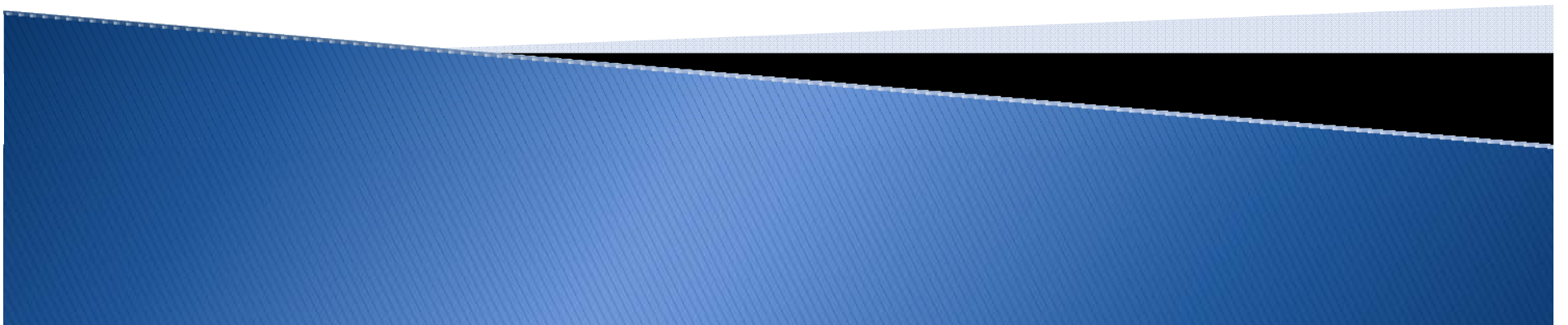
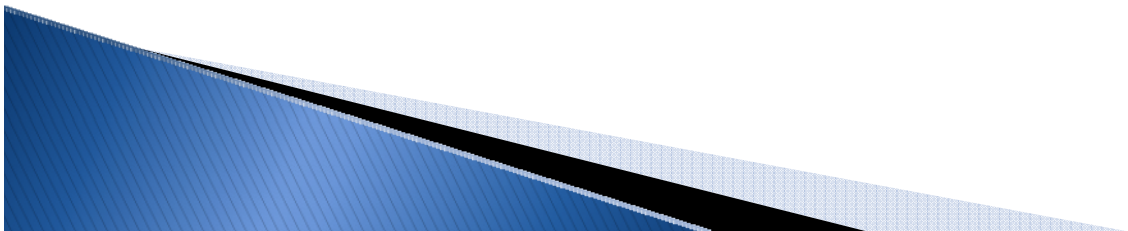


Small Business Programs and Resources



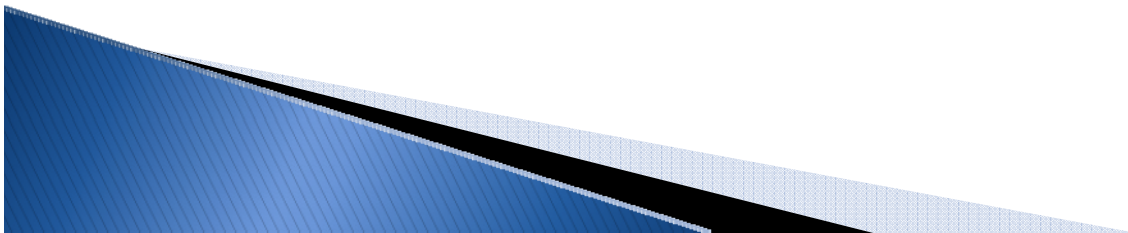
Top Reasons to Think SBA

- ▶ Start-Up Business
- ▶ Weak Collateral
- ▶ Longer Repayment Terms
- ▶ Unfamiliar Industry



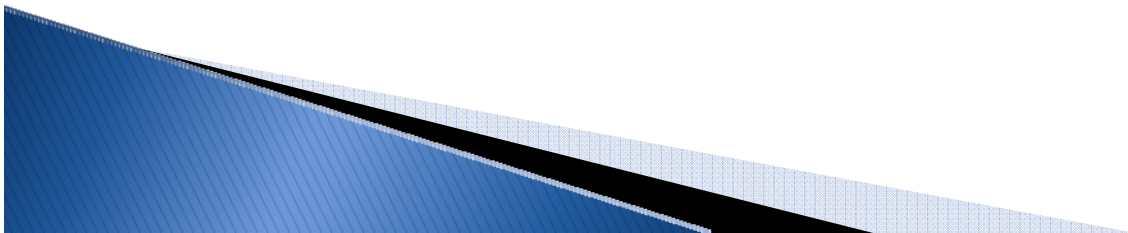
SBA 504 Program

- ▶ Achieve community economic development through job creation and retention by providing long-term, fixed-asset financing to small business concerns.
- ▶ Program is administered by 4 different Certified Development Companies in Oklahoma.



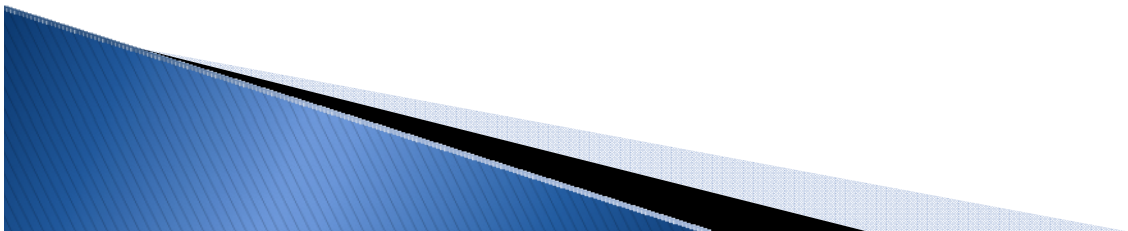
SBA 504 Highlights

- ▶ Provides long-term financing for fixed assets.
- ▶ Helps lender to retain growing customers.
- ▶ Borrower receives below market interest rate on 30–40% of the project for 10 or 20 years.



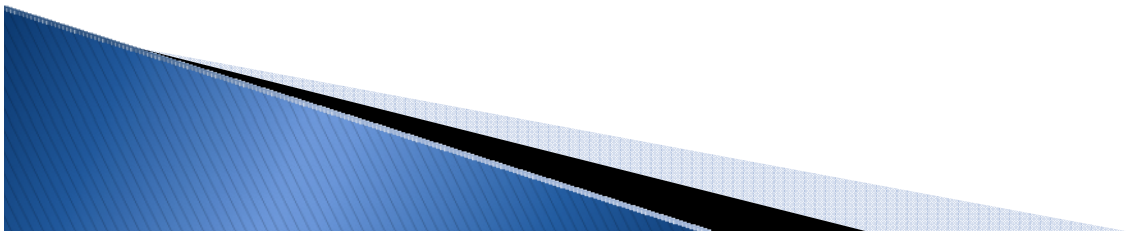
Use of Proceeds

- ▶ Land
- ▶ Building
- ▶ Renovation
- ▶ Refinancing when expansion is involved
- ▶ Machinery/Equipment
- ▶ Interim Interest and Construction Contingency
- ▶ Professional Fees



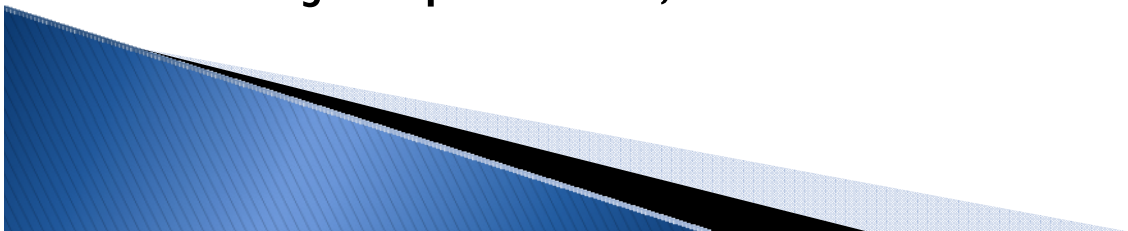
Examples of Projects

- ▶ Professional Offices (doctor, dentist, chiropractic)
- ▶ Convenience Stores
- ▶ Assisted Living Centers
- ▶ Car Washes
- ▶ Restaurants
- ▶ Hotel/Motel



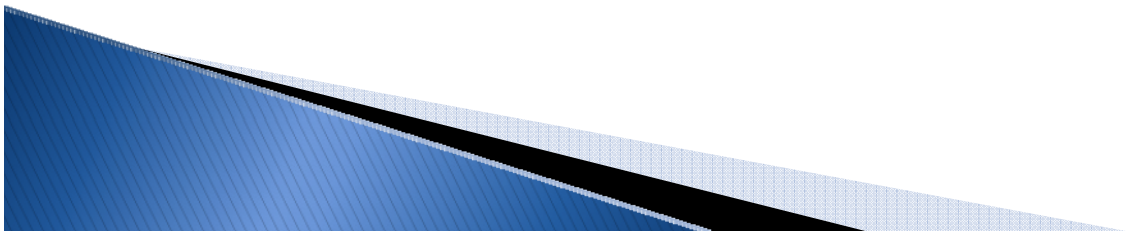
Eligibility

- ▶ Net worth must not exceed \$8.5 million and does not have an average net income after taxes for the preceding two years in excess of \$3 million.
- ▶ Must be for-profit.
- ▶ Must demonstrate significant economic impact on the community.
 - 1 job per \$65,000 of SBA funding



Ineligible Businesses

- ▶ Non-profit businesses
- ▶ Investment companies
- ▶ Gambling Facilities
- ▶ Lending Institutions
- ▶ Rental
- ▶ Apartments

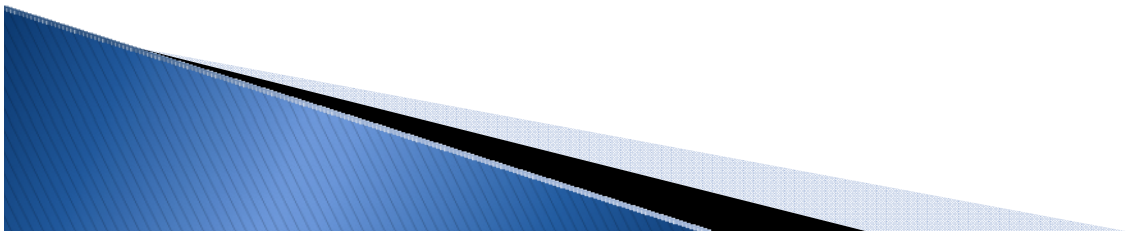


Typical Structures

- ▶ Private Lender 50%
- ▶ SBA/CDC 40%
- ▶ Equity (Borrower) 10%*



*New businesses or acquisition/construction of special purpose facility requires an additional 5% equity injection.

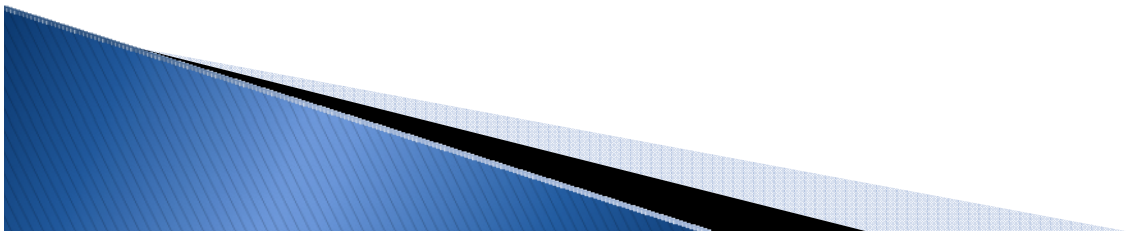


Loan Amounts & Security

- ▶ Private Lender (1st Mortgage) No Limit
- ▶ SBA (2nd Mortgage) \$1,500,000*

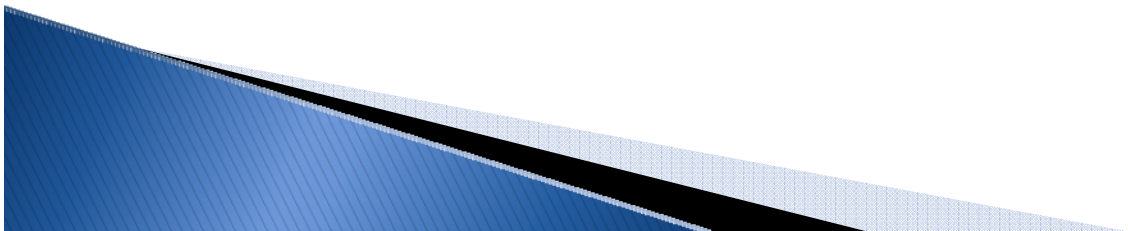
*If public policy goal is met, maximum is \$2,000,000.

- ▶ Under special circumstances, small manufacturers may qualify for \$4,000,000.



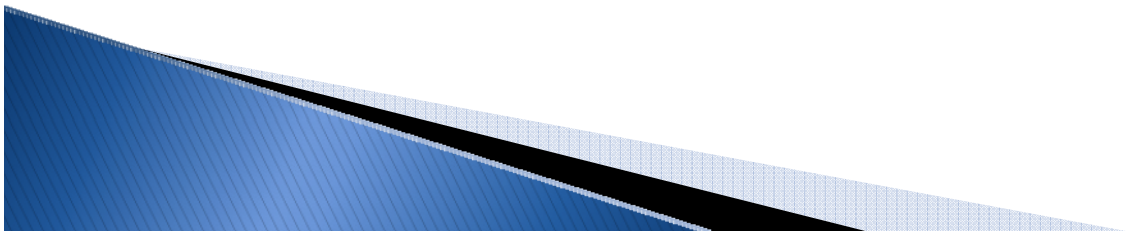
Terms of Loan

- ▶ Machinery/Equipment 10 years
 - Bank has to do at least a 7 year loan.
- ▶ Real Estate 20 years
 - Bank has to do at least a 10 year loan.



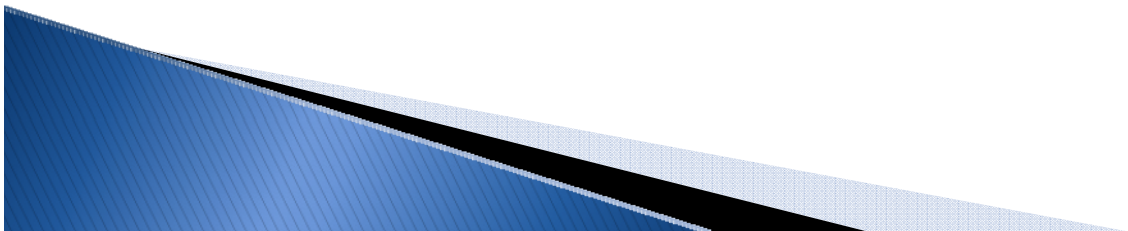
Interest Rates

- ▶ Contact Andrea Bendele at Exchange Bank for latest monthly SBA 504 rate.
 - (405) 742-0202
 - andreab@easybanking.net



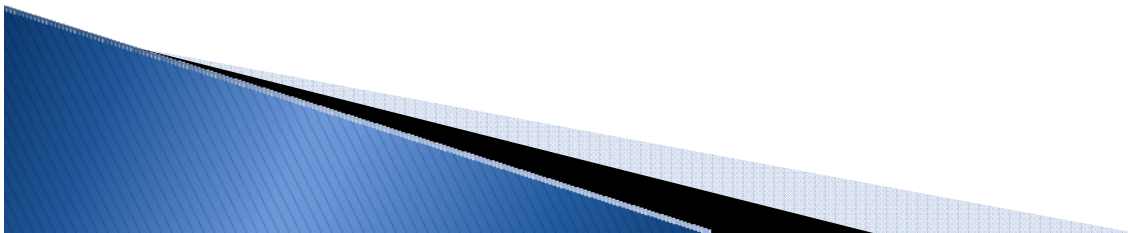
Fees

- ▶ Fees are approximately 3.5% of the SBA portion of financing and are rolled into the SBA 504 debenture.
- ▶ Third party lender also has to pay 0.5% Participation fee.



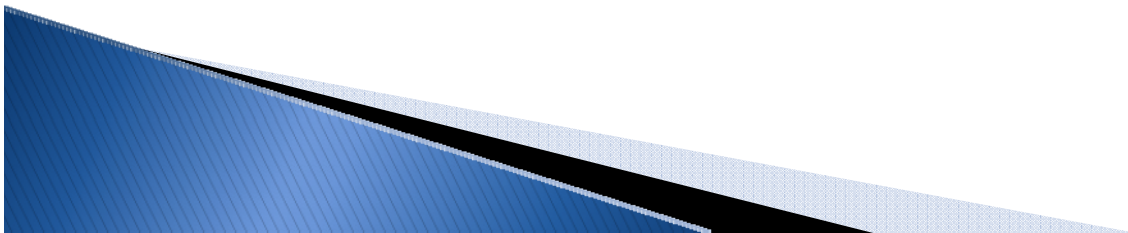
SBA 7(a) Loan

- ▶ The SBA 7(a) loan was developed by SBA to reduce lender's risk by guaranteeing the major portions of loans made to small businesses.



Use of Proceeds

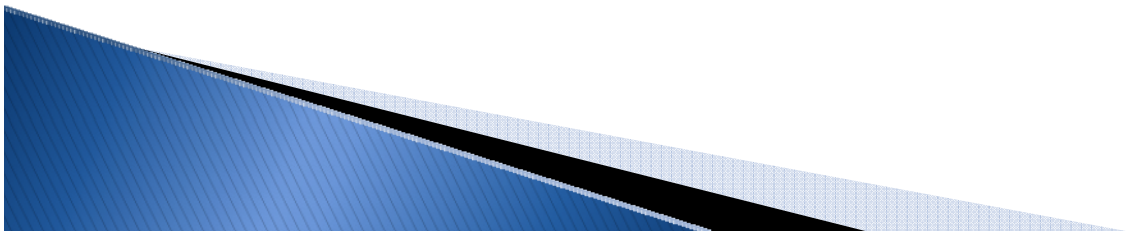
- ▶ Land and Buildings
- ▶ Renovations
- ▶ Machinery and Equipment
- ▶ Furniture and Fixtures
- ▶ Inventory
- ▶ Working Capital
- ▶ Refinancing
- ▶ Purchase of Business



Eligibility Criteria

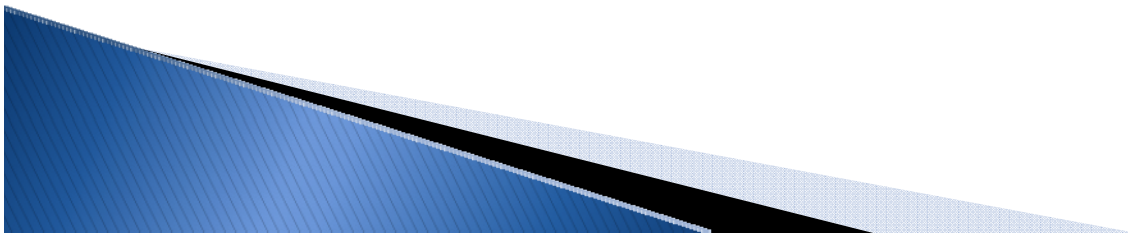
- ▶ Manufacturing 500 – 1 000 employees
- ▶ Wholesale 100 employees
- ▶ Services / Retail up to \$21 million in annual sales
- ▶ Construction up to \$17 million in annual sales

- ▶ Credit Elsewhere
- ▶ Personal Resources Rule



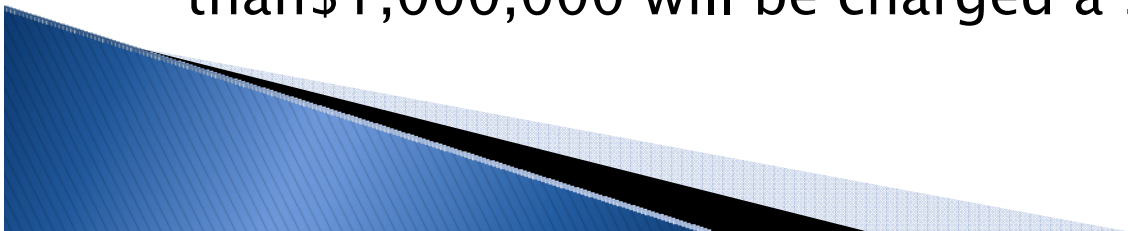
Loan and Guaranty Amounts

- ▶ Maximum loan amount for a 7(a) loan is \$2,000,000.
- ▶ 85% guaranty on loans of \$150,000 or less
- ▶ 75% guaranty on loans of \$150,001 or more



Guaranty Fees

- ▶ Guaranty fees are due within 90 days of approval and are based on the following:
 - Total loan amount is \$150,000 or less, the fee is 2% of the guaranteed portion.
 - Total loan amount is more than \$150,000 up to and including \$700,000, the fee is 3% of the guaranteed portion.
 - Total loan amount is more than \$700,000 up to \$1,000,000, the fee is 3.5% of the guaranteed portion.
 - For loans greater than \$1,000,000, an additional 0.25% guaranty fee will be charged for that portion greater than \$1,000,000. The portion of \$1,000,000 or less will be charged a 3.5% guaranty fee. The portion greater than \$1,000,000 will be charged a 3.75% guaranty fee.

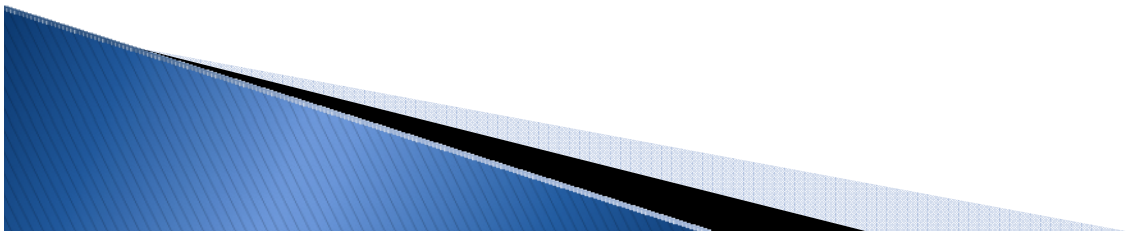


Terms

- ▶ Maturity is based on the borrower's ability to repay from cash flow and on the purpose of the loan.

Working Capital	5 to 7 years
Machinery/Equipment	up to 10 years
Real Estate	up to 25 years

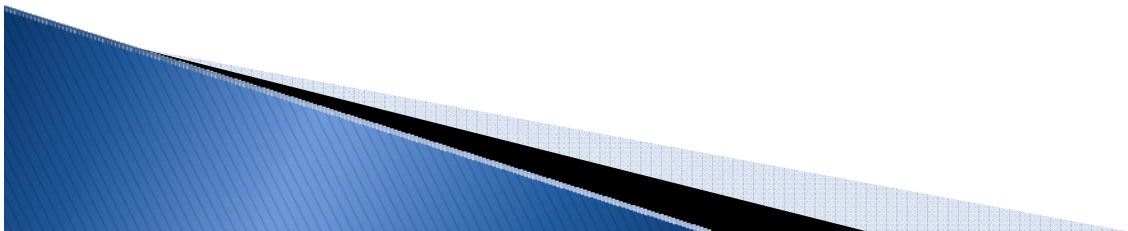
Use shortest reasonable term.



Interest Rates

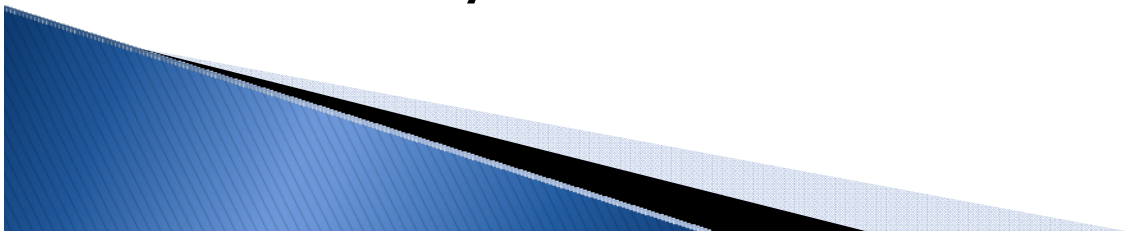
- ▶ Set by the lender with the following caps:

Maturity under 7 years	Prime + 2.25%
Maturity 7 years and over	Prime + 2.75%
Loans < \$25,000	2% Additional
Loans of \$25,000–\$50,000	1% Additional



SBA Express Program


- ▶ Maximum loan amount of \$350,000
- ▶ 50% SBA Guaranty
- ▶ Interest rates charged can be up to:
 - 6.5% Over Prime (\$50,000 or less)
 - 4.5% Over Prime (\$50,000 +)
- ▶ Collateral
 - Zero Collateral (\$25,000 or less)
 - Own Collateral Policy (\$25,000 +)
- ▶ Revolving lines available
- ▶ SBA only reviews loan for eligibility



SBA Patriot Express Program

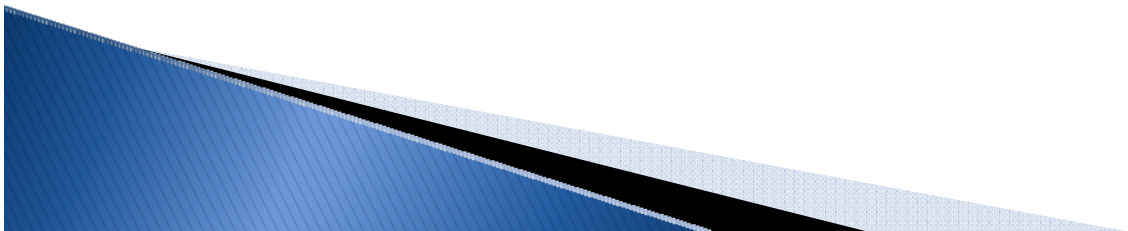
- ▶ Maximum loan amount of \$500,000
 - Uses application process of SBA Express Program

 - ▶ Same guidelines as 7(a) loans

 - ▶ Eligible Markets Include:
 - Veterans
 - Service-Disabled Veterans
 - Active-Duty Service Members Eligible for TAP
 - Reservists and National Guard Members
 - Current Spouses of Any of the Above
 - Widowed Spouse of a Service Member or Veteran Who Died During Service or of a Service-Connected Disability
- *51% Owned and Controlled by one of the above
- 

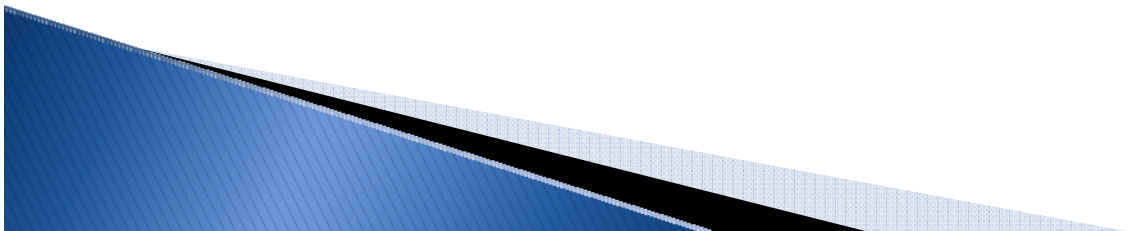
USDA Rural Development Business and Industry Guaranteed Loan

- ▶ The B&I Guaranteed loan was developed by USDA Rural Development to reduce the risk of lenders by guaranteeing the major portions of loans made to businesses in rural areas.
 - A rural area is defined as an area having a population less than 50,000 inhabitants.



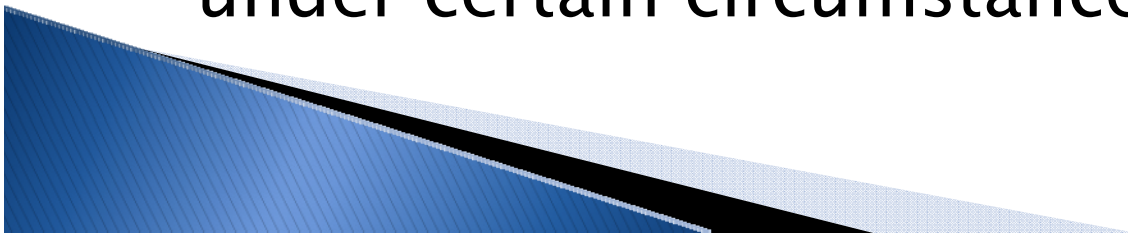
Use of Proceeds

- ▶ Land and Buildings
- ▶ Renovations
- ▶ Machinery and Equipment
- ▶ Furniture and Fixtures
- ▶ Inventory
- ▶ Working Capital
- ▶ Refinancing
- ▶ Purchase of Business



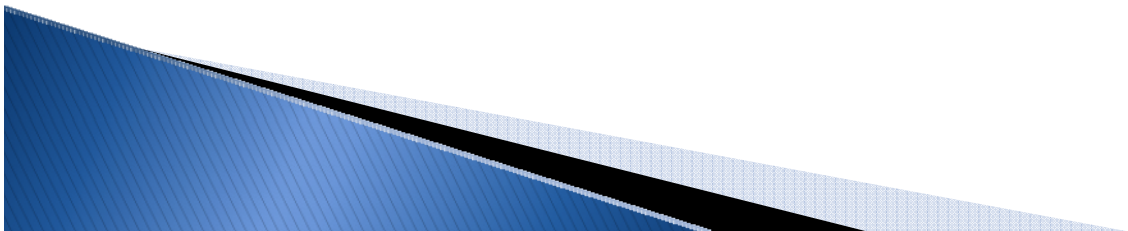
Loan and Guaranty Amounts

- ▶ 80% guaranty on loans of \$5 million or less
- ▶ 70% on loans between \$5 million and \$10 million
- ▶ 60% on loans over \$10 million*
- ▶ *USDA's loan limit is \$10 million. However, loans up to \$25 million can be approved under certain circumstances.



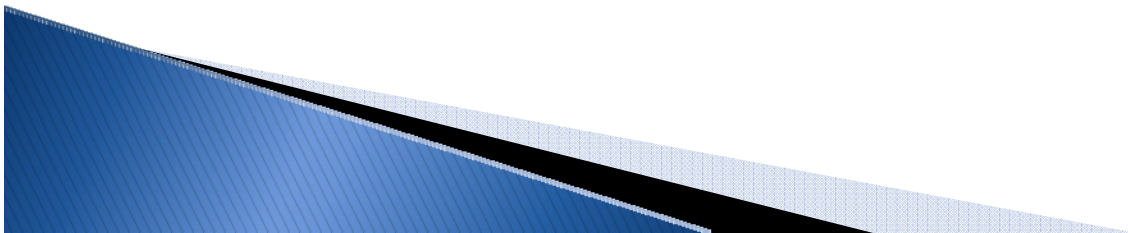
Guaranty Fee

- ▶ Guaranty fees are due before the Loan Note Guaranty is issued:
- ▶ The fee is 2% of the guaranteed portion of the loan.
- ▶ Loans are also subject to an annual renewal fee, which is established on a yearly basis.



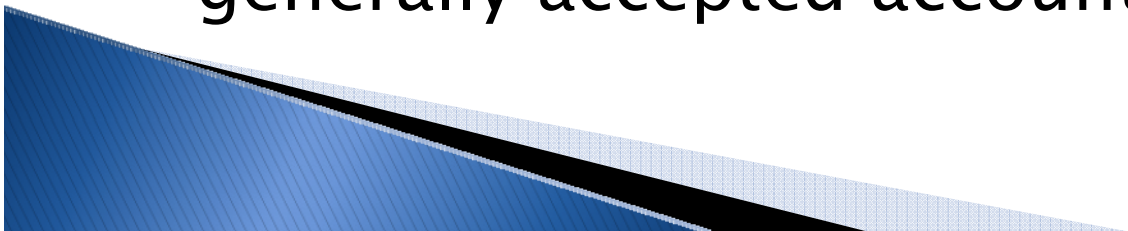
Interest Rates

- ▶ Interest rates will be negotiated between the lender and the applicant and may be either fixed or variable as long as it is a legal rate. Interest rates will not be more than those rates customarily charged to borrowers in similar circumstances.



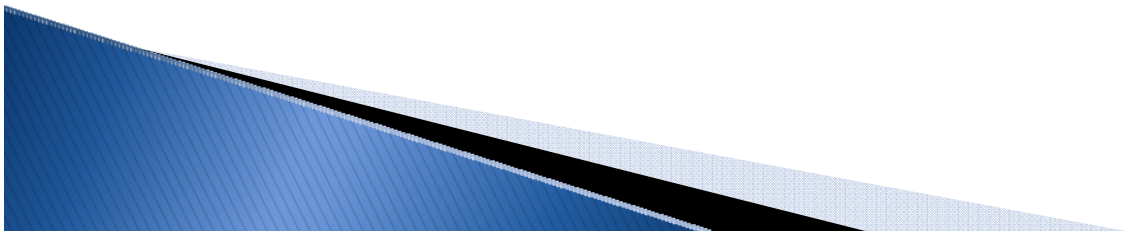
Equity Requirements

- ▶ For existing businesses, a minimum of ten-percent tangible balance sheet equity.
- ▶ Twenty-percent tangible balance sheet equity is required for new businesses.
- ▶ Equity is required at the time of the issuance of the loan note guarantee.
- ▶ Equity is developed in accordance with generally accepted accounting principles.



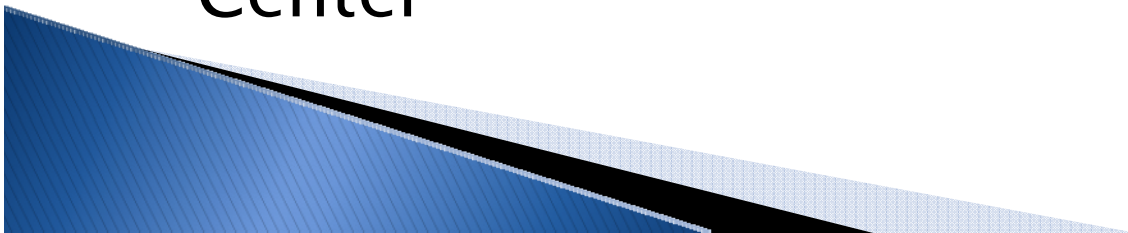
Security

- ▶ All collateral must secure the entire loan. Collateral will be discounted consistent with sound loan-to-value policies.
- ▶ Personal and corporate guarantees are required.
- ▶ Life insurance is required.



Additional Resources

- ▶ SCORE
- ▶ Oklahoma Small Business Development Center
- ▶ Meridian Technology Center for Business Development
- ▶ REI Women's Business Center and NABEC Center



Small Business Programs and Resources

For Additional information :

Contact Andrea Bendele

405-742-0202

andreab@easybanking.net

