



## U. S. SMALL BUSINESS ADMINISTRATION

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[www.sba.gov/id](http://www.sba.gov/id)

### SBA's Major Guaranty Business Loan Programs

- ◆ Regular 7(a) SBA Term Loan ◆ SBAExpress ◆ Patriot Express ◆
- ◆ Certified Development Company (CDC-504) Term Loan ◆

A Loan Comparison Chart about these Guaranty loan programs is on the back

Information about the SBA loans, how to apply, business plans, how to start a new business and other resources available, can be found via [www.sba.gov](http://www.sba.gov) and the Idaho Small Business Resource Guide – [www.sbaguides.com](http://www.sbaguides.com).

The SBA Loans are made by commercial lenders, usually banks. The loan application is submitted to the lender for its approval. If approved by the lender, they will submit request to SBA for approval. If approved by the SBA, then the lender closes the loan, disburses the funds, and continues to service the account.

The Certified Development Company (CDC-504) Loans are made through CDC's and a commercial lender. The loan application is submitted to a CDC for approval. If approved, they will submit a request to SBA for approval. If approved by SBA, then the CDC works with the lender to close the loan, disburses the funds, and continues to service the account.

A list of Participating Lenders and Certified Development Companies can be found via [www.sba.gov/id](http://www.sba.gov/id) and the Idaho Small Business Resource Guide.

### SUGGESTIONS ON HOW TO APPLY FOR A BUSINESS LOAN

Applicant should prepare a brief, but detailed, Business Plan to include the amount of the loan requested, the amount that will be injected into the business, purposes for which the loan is to be used for in addition to the following information:

1. Current and last three fiscal years, business financial statements listing all assets, liabilities, and net worth. New business applicants should prepare an estimated balance sheet as of the day the business starts.
2. Current and last three years Income (profit and loss) statements. New business applicants must prepare a detailed projection of income and expenses at least for the first year of operation (a monthly cash flow is recommended).
3. Copies of the last three years Income Tax Returns for the business and each proprietor, or each partner or stockholder owning twenty percent (20%) or more of the business.
4. List collateral to be offered as security for the loan with an estimate of the present market value of each item and the balance of any existing liens on each item.
5. Current personal financial statement of the proprietor, or each partner or stockholder owning twenty percent (20%) or more of the business.
6. Resumes on the proprietor, or each partner or stockholder owning twenty percent (20%) or more of the business.
7. Take all material to your lender to see what loan programs they have and if a SBA Guaranteed Loan would help you get the financing needed.

## SBA Major Guaranty Loan Comparison Chart – Effective May 5, 2009

	<b>7(a) Term Loan</b>	<b>SBAExpress</b>	<b>Patriot Express</b>	<b>CDC-504 Term Loan</b>
<b>Eligibility</b>	For-profit business  Net worth less than \$8,500,000  Net Profit (after taxes) less than \$3,000,000	For-profit business  Net worth less than \$8,500,000  Net Profit (after taxes) less than \$3,000,000	For-profit business  Net worth less than \$8,500,000  Net Profit (after taxes) less than \$3,000,000  Be owned by a Veteran, or active duty military, or national guard member, or reservist, or current spouse, or widowed spouse of a service member who died during service or of a service connected disability	For-profit business (usually existing)  Net worth less than \$8,500,000  Net Profit (after taxes) less than \$3,000,000  Create 1 job for each \$65,000 in SBA loan funds
<b>Loan Size</b>	No minimum loan amount  Maximum loan is \$2,000,000	No minimum loan amount  Maximum loan is \$350,000	No minimum loan amount  Maximum loan is \$500,000	SBA's debenture minimum is \$50,000  Maximum SBA debenture \$1,500,000 (\$2,000,000 for public policy goals)
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>• Land - Buildings</li> <li>• Equipment</li> <li>• Fixtures</li> <li>• Inventory</li> <li>• Working Capital</li> <li>• Refinance debt</li> <li>• Business Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Land - Buildings</li> <li>• Equipment</li> <li>• Fixtures</li> <li>• Inventory</li> <li>• Working Capital</li> <li>• Refinance debt</li> <li>• Business Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Land - Buildings</li> <li>• Equipment</li> <li>• Fixtures</li> <li>• Inventory</li> <li>• Working Capital</li> <li>• Refinance debt</li> <li>• Business Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Land - Buildings</li> <li>• Equipment with 10 year useful life</li> </ul>
<b>Financing</b>	Provided by commercial lender  SBA Guaranty is 90% not to exceed \$1,500,000	Provided by commercial lender  SBA Guaranty is 50%	Provided by commercial lender  SBA Guaranty is 90%	50% financing by commercial lender  40% financed by SBA through a Certified Development Company  Minimum of 10% by borrower (higher for special purpose property and/or new businesses )
<b>Collateral</b>	Generally a 1 <sup>st</sup> lien position on assets acquired with loan proceeds  Loan must be 100% secured if assets available.	Generally a 1 <sup>st</sup> lien on assets acquired with loan proceeds	Generally a 1 <sup>st</sup> lien on assets acquired with loan proceeds	Private lender holds first lien on real estate and equipment  SBA takes second position on project assets
<b>Loan Payment Terms</b>	7 to 10 years for working capital and equipment  25 years for real estate	Revolving loans up to 7 years.  7 to 10 years for working capital and equipment  25 years for real estate	Revolving loans up to 7 years.  7 to 10 years for working capital and equipment  25 years for real estate	SBA debenture 10 years for equipment; 20 years for real estate  Private lender must have minimum of 7 years for equipment 10 for real estate
<b>Interest Rates</b>	Fixed or Variable  Maximum of Prime +2.25% for loans with maturity less than 7 years  Maximum of Prime +2.75% for loans with maturity of 7 years and over  Additional 2% on loans \$25,000 and under; additional 1% on loans \$50,000 & under	Fixed or Variable  Maximum of Prime +6.5% on loans less than \$50,000 and Prime +4.5% on loans over \$50,000	Fixed or Variable  Maximum of Prime +2.25% for loans with maturity less than 7 years  Maximum of Prime +2.75% for loans with maturity of 7 years and over  Additional 2% on loans \$25,000 and under; additional 1% on loans \$50,000 & under	Private Lender loan – negotiated between borrower and lender  SBA loan – low fixed rate and fixed payment.  Loan rate set when debenture is sold
<b>SBA Fees</b>	<b>No SBA Guaranty Fee on loans approved after Feb 16, 2009 through about Dec 2009</b>  Except for loans with maturities of 12 months or less the SBA Guaranty Fee is ¼ of 1.0%			Contact the local CDC for current fees which are generally less than 3.0% and can be financed with the loan