

## **U.S. Small Business Administration**

New York District Office

### **Products and Services**

- 25 million businesses
  - 99.8% - small businesses
  - 75% - no employees
  - Most are sole-proprietorships
  - 53% - home-based
  - More than 550,000 new businesses per year
  - Only 1 out of 2 will still be in existence after 4 years
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- #1. Insufficient financing
  - #2. Insufficient management skills/lack of planning
  - The U.S. Small Business Administration (SBA) can help you start, grow and succeed.

### **SBA SUCCESS STORIES**

America Online (AOL)

Staples

Federal Express

Nike

Ben & Jerry's

Intel

Apple Computer

Outback Steakhouse

And Hundreds of Thousands of 'mom & pops'

### **SBA can help small for-profit businesses:**

- Financial Assistance Programs
- Business Counseling, Mentoring and Training
- Business Plan Development
- Loan Packaging Services
- Workshops and Entrepreneurial Training
- Federal Government Contracting Assistance
- Surety Bonds
- Online Training-Small Business Training Network

### **The SBA does not provide:**

- Grants or legal advice
- Financing for real-estate speculation, investments, pyramid schemes
- Financing for non-profit organizations (except in certain declared disaster situations)
- Contact SBA marketing department (212) 264-4354 to see if your needs qualify for SBA assistance

### **7(a) Financing Programs**

#### **SBA is not a direct lender:**

- Loans are made by commercial lenders

- SBA guarantees up to 85% of the loan
- Maximum loan is \$2,000,000
- Loans can be term or lines-of-credit
- Loans are long-term with competitive low interest rates

### **Customer Benefits**

- Lenders more likely to make a loan that they may not have made without the SBA guaranty.
- Lenders may take a "second look" when credit scores alone are not sufficient

### **Use of Loans:**

- Working capital (on-going operating expenses)
- Purchase equipment, machinery, commercial real estate, commercial vehicles, furniture, fixtures
- Inventory, cost of goods sold
- Renovations, construction
- Export goods, international trade

### **SBA Express Loan**

- Up to \$350,000
- SBA turn-around time of 36 hours
- SBA Express lenders use their own applications and are authorized to underwrite and approve

### **SBA Community Express**

- Starts at \$5,000, up to \$50,000
  - Competitive Interest Rates
  - Borrower must receive technical assistance from authorized provider
  - SBA continually recruiting technical assistance providers to join program
- 504 Financing Programs

### **SBA 504 CDC Loan Program**

- Provides affordable financing for acquiring land, commercial buildings, machinery and equipment with a life expectancy greater than 10 years
- Or for building, modernizing, renovating or restoring facilities Financing Programs

### **SBA 504 CDC Loan Requirements:**

- Owner puts in at least 10% of own equity
- Owner's business must occupy at least 51% of total building structure
- Below-market, fixed-rate financing
- (Loan cannot be used for speculation)

### **Financing Programs**

#### **SBA 504 CDC Loan Program**

- A private lender(50%),
- A certified development company(40%)
- SBA (guarantee)

- SBA financing portion up to
  - \$1.5 million for regular loans
  - \$2.0 million for public policy loans
  - \$4.0 million for manufacturing
 (total loan however can be higher)

### **Certified Development Companies**

- Certified Development Companies (CDCs) are community-based development companies approved and licensed by SBA to administer the 504 loan program.
- Authorized by SBA to:
  - Marketing the program
  - Package and process loans
  - Close loans
  - Service loans

### **NY District Certified Development Corporations**

- Business Initiative Corporation of NY  
(718) 590-3980
- Empire State Certified Development Corp.  
(212) 803-3100/(800)782-8369
- GNYDC/Long Island Development Corp.  
(866) 433-5432/(516)433-5000

### **Qualifying for SBA Financing Programs:**

- Good character & Management expertise
- Good personal and business credit
- Feasible business plan
- Owner/s must personally guarantee all loans
- Owner/s must secure loans over \$25,000 with existing assets

### **SBA Microloan Program**

SBA makes funds available to nonprofit intermediaries that, in turn, make the loan directly to entrepreneurs.

- From under \$500 to \$35,000
- Interest Rates are negotiated between the borrower and the intermediary.
- Microlenders provide technical assistance

### **Microloan Lenders**

- BOC Capital Corp. (718)624-9115
- Community Development Corp. of LI 631-471-1215
- East Harlem Business Capital Corp. 212-427-6590
- NY Assoc. for New Americans (NYANA) 212-898-4112
- Renaissance Economic Development Corp. 212-964-6022
- Washington Heights and Inwood Development Corp. 212-795-1600
- Westchester Housing Fund, dba Community Capital Resources 914-747-8020

## **Export Financing Programs**

- SBA Export Express Program
- The Export working Capital Loan Program
- The International Trade Loan

See [www.sba.gov](http://www.sba.gov) for other programs

SBA Export Express Program Maximum amount of \$250,000

The guaranty up to \$150,000 is 85%, over \$150,000 is 75%

- Financing export-development activities
- Transaction-specific financing for overseas orders
- Revolving lines of credit for export purposes
- Acquiring, constructing, renovating, improving or expanding facilities or equipment used in US to produce goods or services for export
- Financing standby letters of credit used as bid or performance bonds on foreign contracts

The Export Working Capital Loan Program

SBA guarantee up to 90% up to \$1.5 million

- Purchase finished goods or acquire inventory
- Finance pre-export costs of labor and materials
- Finance costs of U.S. labor and overhead for service-company exports
- Finance standby letter of credit used for bid or performance bonds
- Finance foreign accounts receivable

## **The International Trade Loan**

- Fixed Assets limited to \$1 million
- Working Capital limited to \$1.25 million
- Combined up to \$1.75 million
- Terms and interest rates are negotiated between the applicant and the lender.

## **Qualifying and Applying for SBA Financing Programs:**

- Visit your bank of record
- Visit an active SBA lender
- Or visit a SBA Resource Partner (SBDCs, SCORE, WBCs)

**TOP 10 SBA LENDERS** Oct. 1, 2007 to, June 30, 2008

- JPMorgan Chase- 1,222 for \$60,916,800
- Bank of America- 327 for \$11,371,900
- Innovative Bank- 221 for \$ 5,730,000
- Banco Popular North America
- Citibank
- Washington Mutual Bank
- BNB Bank, National Association
- Capital One Bank
- Manufacturers & Traders Trust
- Flushing Saving Bank, FSB

### SBA NY District Office County Report Fiscal Year 2007

County	Number	Amount
■Bronx	376	\$ 37,755,700
■Kings	1,051	\$ 81,849,900
■Nassau	613	\$ 72,920,900
■Manhattan	1,184	\$118,729,200
■Queens	1,268	\$106,758,200
■Suffolk	588	\$ 90,581,050
■Total	5,985	\$619,689,080

### SBA NY District Office County Report 10/01/07 – 06/30/08

County	Number	Amount		
■Bronx	157	\$ 17,645,600	-47%	-35%
■Kings	584	\$ 57,506,000	-24%	1%
■Nassau	354	\$ 68,530,500	-24%	25%
■Manhattan	678	\$ 91,312,548	-26%	0%
■Queens	646	\$ 51,255,700	-31%	-34%
■Suffolk	333	\$ 65,556,400	-27%	4%
■Total	3,247	\$436,209,315	-28%	-4%

### SBA NY District Office Dynamic Market Report 10/01/07 – 06/30/08

Afr Amer	296	\$ 31,185,830
Asian	990	\$112,318,167
Hispanic	304	\$ 20,318,500
Women	893	\$105,684,430
Veterans	134	\$ 17,012,500
Total	3,247	\$436,209,315

#### Government Contracting

- The world's largest buyer.
- In 2007- over \$300 billion dollars

#### Government-wide contracting goals:

- 23%** for small businesses in general
- 5%** for Small Disadvantaged Businesses
- 5%** for Women Owned businesses
- 3%** for HubZone businesses
- 3%** for Service Disabled Veterans

Both federal contractors and prime contractors are looking for the above small business categories

#### **8(a) Business Development Certification Program**

- Socially and economically disadvantaged firms
- At least two years Business Development Certification Programs

### **(SDB) Small Disadvantaged Business Certification Program**

- A certification program for socially and economically disadvantaged businesses
- attend one of the monthly informational workshops/seminars

### **HUBZone**

(Historically Underutilized Business Zones)

- Federal contracting opportunities for qualified small businesses located in distressed census tract areas
- The SBA can guarantee bonds for contracts starting at \$100,000 up to \$2,000,000.
- The program covers bid, performance and payments bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels.

### **FREE “Online Classroom”**

#### **Business Education and Training**

- [www.sba.gov/services/training/onlinecourses/index.html](http://www.sba.gov/services/training/onlinecourses/index.html)

#### **▪STARTING A BUSINESS**

#### **▪BUSINESS PLANNING**

#### **▪BUSINESS MANAGEMENT**

#### **▪FINANCING & ACCOUNTING**

#### **▪MARKETING & ADVERTISING**

#### **▪GOVERNMENT CONTRACTING**

#### **▪RISK MANAGEMENT & CYBER SECURITY**

#### **▪E-COMMERCE**

#### **▪INTERNATIONAL TRADE**

#### **▪FEDERAL TAX TRAINING**

#### **▪SMALL BUSINESS RETIREMENT**