



U.S. Small Business Administration
Your Small Business Resource
Illinois District Office



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Featured Topics

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5 Ways to Honor the Military this Memorial Day

by kmurray, Community Moderator on Wednesday, May 7, 2014 - 06:12 1 Comments

Did you know that May is Military Appreciation Month? And with Memorial Day coming up, it's a perfect opportunity for your small business to honor the service of our veterans and military men and women. Here's a look at some ideas to...

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Is Your Business Brand Outdated?

by Rieva Lesonsky, Guest Blogger on Tuesday, May 6, 2014 - 21:03 8 Comments

Sometimes, it's tough for a business owner to see what everyone else does. Like an elderly person happily ensconced in a house they last redecorated in 1972, you don't realize your website is the design equivalent of an avocado green...

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Financing Your Export Sales

by Luz Hopewell, SBA Official on Tuesday, May 6, 2014 - 11:46 4 Comments

Each of the four international methods of payments, discussed previously, can have an impact on your company's financing needs when filling overseas orders. Those can be broken down into either pre-shipment or post-shipment working capital...

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SBA Tools

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Create a Business Plan



Get Local Assistance



Find Events



Get Online Training



Qualify for Government Contracts



Size Up With Your Competition



7 (a) Loan Program

- The Maximum SBA Loan amount Will Not Exceed \$5,000,000
- The Maximum SBA Share of Any Loan or Guaranty Usually Will Not Exceed \$3,750,000
- SBA's Guaranty on Any Loan of \$150,000 or Less is Usually 85%
- SBA's Guaranty on Any Loan of More Than \$150,000 is Usually 75%



The U.S. Small Business Administration

- ❖ In FY 2013, SBA Nationally
 - ❖ delivered over \$23 billion in financing,
 - ❖ Guaranteed 54,106 loans
- ❖ In FY 2013, SBA in Illinois
 - ❖ 178 participating lenders
 - ❖ delivered over \$934 million in financing,
 - ❖ guaranteed 1,895 loans



Why SBA?

Three (3) Main Reasons Why Lenders Use SBA

- Newer or Start-Up Business
- Collateral
- Longer Repayment Term



Lendable Qualities

Must demonstrate:

- Management Capability
- Sufficient Equity
- Good Credit
- Repayment Ability



Purpose of Loan

- Purchase Land or Buildings
- Expansion or Conversion of Existing Facilities
- To Purchase Machinery & Equipment, Supplies, Materials, or Inventory
- Long Term Working Capital
- Short Term Asset Based Lines of Credit
- Debt Refinancing (Under Limited Circumstances)



Loan Maturity

- Working Capital Loans - Up to 10Years
- Machinery and Equipment - Up to 10 Years
- Real Estate (Purchase, Expansion, or New Construction) - Up to 25 Years
- Repayment Usually on a Monthly Installment Basis, Principal and Interest
- Variations Negotiated to Meet Seasonal Cycles of Business Activity

Fees Associated with SBA Loans

U.S. Small Business Administration

- If the Loan Amount is More than \$700,000, the Guaranty fee is 3.5% of the Guaranteed Portion
- If the Loan Amount is More than \$150,000, but Less than \$700,000, the guaranty fee is 3% of the Guaranteed Portion
- If the Loan Amount is \$150,000 or Less, there is no Guaranty fee.

SBA's Express Program

U.S. Small Business Administration

- Designed to Increase Capital Available to Businesses Seeking Loans Up to **\$350,000**
- Can Also be Used for **Lines of Credit**
- Businesses Only Need to Complete Lenders Application
- No Additional Documentation from SBA
- No Waiting for SBA Loan Approval
- Offers a **50%** guaranty



Veteran's Advantage

- Focuses on Veterans & Spouses of
- Expedited Loan Processing
- Maximum Loan Amount is \$350,000
- 50% Guaranty Applies
- 3% guaranty fee waived



Export Loan Programs

- Export Express loans are
 - permanently raised to 90% for loans of \$350,000 and less. The guaranty levels remain at 75% for loans between \$350,000 and \$500,000.
- Export Working Capital Program (EWCP) loans and International Trade loans are
 - permanently raised to 90%, providing a guaranty cap of \$4,500,000 on a \$5 million loan.



Microloans

- Developed to Increase the Availability of Very Small Loans to Businesses
- SBA Makes Funds Available to Nonprofit Intermediaries
- Eligible Borrowers can Obtain Loans from \$100.00 to \$50,000.00
- Maturity May be As Long As Six (6) Years
- Interest Rates are Pegged to No More Than Four (4) Percent Above Prime Rate
- Collateral - Business Assets Purchased With Microloan, and Personal Guaranties of Business Owners May Also Be Required



504 Certified Development Company Program

Fixed Asset Product – Real Estate

Long-term, fixed-rate financing

Up to \$5.0 million in SBA-backed debentures

\$5.5 million – Manufacturing & Energy Reduction

SBA debenture guaranty of up to 40% of project

Must create or retain one job for every \$65,000 of SBA debenture proceeds



A Typical 504 Project

- A private sector loan covering up to 50%
 - Participating lender has first lien on assets
- A loan from the CDC covering up to 40% (100% SBA-guaranteed debenture) and
- At least 10% equity from the small business



For More Information on SBA's Programs & Services ...

- Our National Site is located at www.sba.gov
- Visit the Illinois District Office Website at www.sba.gov/il
- (312) 353-4528