



Guide to SBA Programs

The U.S. Small Business Administration (SBA) provides critical support and resources across every state and in every congressional district to help small businesses grow and create jobs. SBA's core operations are focused around what we call the "Three C's": Capital, Contracting and Counseling. Additionally, SBA plays an increasing role in helping to spur innovation and strengthen the nation's competitiveness through successful investment and research and development (R&D) focused programs, as well as export and trade assistance. Finally, SBA also serves as one of the leading federal agencies providing assistance to businesses of all sizes, homeowners and renters following natural disasters.

- **Capital:** SBA guarantees support loans to small businesses that have challenges obtaining credit in the conventional loan market. SBA loan programs have a strong track record of leveraging billions of dollars in credit to help small business owners and entrepreneurs start or grow their businesses and create jobs.
- **Contracting:** SBA is charged with helping the federal government meet the annual goal of directing 23% of federal contracting dollars to small businesses. In this role, the agency advocates on behalf of small businesses in the federal procurement world and facilitates training for both federal contracting officers and small business owners.
- **Counseling:** SBA's entrepreneurial development programs provide counseling and training to entrepreneurs and small business owners looking to start and grow their businesses. Through key partnerships with Small Business Development Centers, Women's Business Centers, Veterans Business Centers, SCORE chapters and others, the agency maintains a national network of more than 14,000 affiliated counselors and technical assistance providers.
- **Investment and Innovation:** SBA provides support to the nation's innovators and helps strengthen America's competitiveness in the global economy through investment programs that fund trail-blazing research and high growth-potential small businesses.
- **Exports:** With foreign markets offering significant opportunities for America's small businesses, SBA has an array of guaranteed-loan programs and counseling assistance focused on helping entrepreneurs and small business owners begin or expand exporting.
- **Disaster Assistance:** SBA offers low interest loans—the only direct loans made by the agency—to homeowners, renters and businesses and non-profit organizations of all sizes following-disasters. These loans, alongside other federal assistance from various agencies, help ensure the fastest possible economic recovery for communities impacted by disasters.

SBA programs provide millions of small businesses with billions of dollars of support.

- **Helped put over \$90 billion in Federal contracts into the hands of small businesses in FY 2011**
- **Supported \$30.25 billion in loans to small businesses through SBA's 7(a) and 504 loan programs in FY 2012— second only to SBA's record year in FY 2011**
- **Served over 1.1 million small business and entrepreneurs in FY 2012**
- **Leveraged a record \$3.3 billion to small businesses in FY 2012 through Small Business Investment Companies—a 17 percent increase from FY 2011**
- **Approved, within 90 days, more than \$1 billion in direct disaster loans to individuals and businesses affected by Hurricane Sandy**
- **Supported over \$3.3 billion in lending to support exports since FY 2009**

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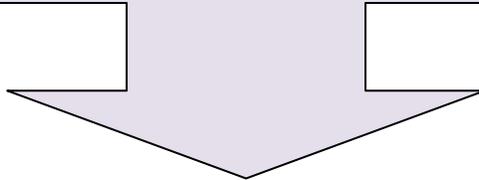
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Capital

Key Objectives

Provides financial assistance programs for small businesses, including:

- **Loan guarantee programs**
- **Microloans**
- **Surety bonds**



Key Successes

- **In back-to-back record years, SBA supported an historic \$60 billion in loans to small businesses in FY 2011 and FY 2012—supporting more than \$30.5 and \$30.25 billion in loans, respectively.**
- **Provided a record \$410 million in loans to small businesses such as manufacturers and government contractors through the reengineered CAPLines loan program in FY 2012—a nearly 249% increase from FY 2011**
- **Streamlined loan programs to provide better access for lenders and small businesses; more than 80% of SBA loan applications can now be processed online**

I. Capital

The SBA has numerous programs to increase small businesses' access to capital, including specialized 7(a) lending programs, a 504 lending program, microloans and surety bonds.

A. Debt Financing

7(a) Loan Program:

The 7(a) loan program is SBA's primary program to help new and existing small businesses obtain financing when they might not be eligible for business loans through normal lending channels. The SBA itself does not make the loans, but rather guarantees a large portion of loans made and administered by private lending institutions, mostly banks—both large and small—but also credit unions and other financial institutions

SBA can guarantee up to 85% on loans up to \$150,000 and up to 75% on all other loans, although the Recovery Act and the Small Business Jobs Act temporarily allowed an increase of up to 90%. SBA can guarantee loans of up to \$5 million. 7(a) loans can be used for most business expenses including working capital; the purchase of inventory, supplies, or raw materials; and the purchase of business-occupied real estate.

Specialized 7(a) Loan Programs:

SBA Express Loans allow lenders to offer borrowers an answer within 36 hours by delegating lenders to make credit and eligibility decisions. The SBA will guarantee 50% of the loan. SBA lenders who wish to join the SBA Express program must meet portfolio performance requirements and demonstrate an acceptable knowledge of SBA's requirements. Other lenders in certain areas desiring to join the program must originate a reasonable number of commercial loans of \$50,000 or less.

Patriot Express Loans are available for veterans and other members of the military community, including Reserve Component members and service members' spouses who are establishing or expanding small businesses. Loans are available for up to \$500,000; the SBA guarantees 85% of loans below \$150,000 and 75% of loans over \$150,000.

Dealer Floor Plan Program is a pilot program that offers floor plan loans up to \$5 million. This program targets small business owners who sell cars, RVs, boats and other titleable inventory. The DFP pilot program, which was authorized by the Small Business Jobs Act, was re-launched in February 2011 and will be effective through September 2013.

Advantage Loan Programs such as Small Loan Advantage and Community Advantage offer a streamlined application process for SBA 7(a) loans up to \$250,000. **Small Loan Advantage** is a program structured to encourage larger, existing Preferred Lenders Program (PLP) SBA lenders to make lower-dollar loans, which often benefit businesses in underserved markets. **Community Advantage** is a pilot initiative

aimed at increasing the number of SBA 7(a) lenders who reach underserved communities, targeting mission-focused financial institutions that were previously not able to offer SBA loans.

Delegated 7(a) Lending Programs:

Additionally, SBA offers programs for experienced 7(a) lenders that provide faster processing for borrowers. SBA authorizes delegated lenders to determine creditworthiness and make primary eligibility decisions, creating faster processing time. Loans are then submitted electronically—either by fax or through SBA’s electronic application process—allowing SBA to guarantee more loans with fewer employees.

In particular, the Preferred Lenders Program (PLP) allows SBA to “delegate” loan approval, authority for closing and most servicing and liquidation, and responsibility to selected lenders. Since SBA does not review individual loan applications, borrowers can receive funding in a matter of days. This “delegated” authority is renewed every two years, based on a review of the lender’s portfolio performance.

504 Loan Program:

The 504 Loan Program provides small businesses with long-term, fixed-rate financing to acquire real estate and major fixed assets for expansion or modernization on a portion of project financing. Typically, the SBA provides a Certified Development Company (CDC) with a guarantee of up to 40% of the financing of the project's cost. CDCs are nonprofit organizations that support local economic development. 504 loans cannot be used for working capital, inventory, or refinancing debt (except as part of an expansion).

A commercial lender provides up to 50% of the financing package, which is secured by a senior lien. The CDC’s loan of up to 40% is secured by a junior lien. The SBA backs the CDC with a fully guaranteed debenture. The small business must contribute at least 10% as equity. The maximum amount of the SBA’s debenture is \$5 million (and \$5.5 million for manufacturers or for certain types of energy-related projects).

Microloans:

The Microloan Program provides small (up to \$50,000), short-term (six years or less) loans for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment. It is designed for small businesses and not-for-profit child care centers needing small-scale financing and technical assistance for start-up or expansion and is delivered through specially designated intermediary lenders (nonprofit organizations with experience in lending and technical assistance). Each intermediary is required to provide business training and technical assistance to its micro-borrowers. Those applying for microloan financing may be required to fulfill training and/or planning requirements before a loan application is considered.

B. Surety Bonds

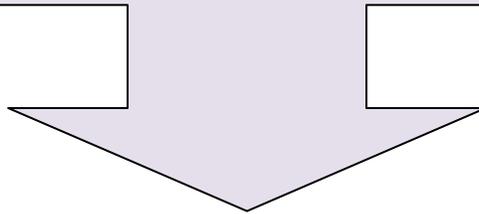
Contractors purchase surety bonds to guarantee that they will complete contracts. If the contractor fails to complete the contracted work, the surety bond is used to pay for completion. The SBA offers a guarantee of up to 90% on three types of surety bonds: bid bonds, which ensure that if a bidder wins a procurement competition the bidder will sign the contract; performance bonds, which ensure the contractor will complete the work as contracted; and payment bonds, which ensure that the contractor will pay its supplier and subcontractors. While SBA could previously only guarantee bonds for contracts up to \$2 million, as of February 2013, a major revision in the U.S. Small Business Administration's Surety Bond Guarantee (SBG) Program more than tripled the eligible contract amount, from \$2 million to \$6.5 million.

Government Contracting

Key Objectives

Works to ensure federal government contracting dollars are awarded to small businesses, including those owned by:

- **Women**
- **Service-disabled veterans**
- **Underserved markets or communities**



Key Successes

- **In FY 2011, \$91.5 billion, or nearly 22%, of contracting dollars, went to small businesses**
- **Improved processing times for HUBZone and 8(a) Business Development Program applications**
- **Launched Woman-Owned Small Business Federal Contract Program**

II. Government Contracting

Over \$90 billion—of the almost \$500 billion the federal government spends on contracting each year—goes to small businesses. Federal contracting provides a critical tool for small business owners, helping them grow, drive innovation and create jobs. SBA is responsible for ensuring that 23% of federal contracting dollars go to small businesses, and furthermore that 5% of federal contracting dollars go to disadvantaged small businesses, 5% to women-owned small businesses, 3% to service-disabled veteran-owned small businesses, and 3% to HUBZone businesses.

SBA has a number of programs designed to help small businesses compete for and win government contracts.

8(a) Program is for businesses owned by citizens who are socially and economically disadvantaged. A firm that is certified as 8(a) is eligible for sole source and limited competition government contracts. SBA certifies firms as 8(a) and provides technical assistance and training. Firms graduate from the 8(a) program after nine years.

Historically Underutilized Business Zones (HUBZones): SBA provides assistance to small businesses located in HUBZones through limited competition contract competitions or price evaluation preferences in full and open competitions. Data from the census and the Department of Housing and Urban Development is used to determine whether or not an area is a HUBZone. To be certified as a HUBZone firm, at least 35% of a small business's employees must reside in a HUBZone.

Service-Disabled Veteran-Owned Small Businesses (SDVOSB) program authorizes contracting officers of government agencies to limit procurement competitions to small businesses owned by Service-Disabled Veterans. Firms self-certify as SBVOSBs and SBA handles any protests regarding a firm's eligibility to participate in the program.

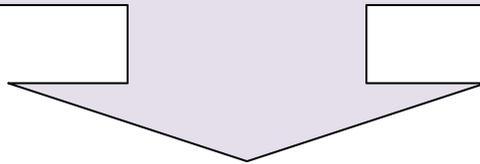
Women-Owned Small Business (WOSB) program was launched in February 2011. This program allows contracting officers to set aside federal contracts that meet certain requirements for competition among WOSBs and economically disadvantaged WOSBs. To participate in the program, firms may self-certify as a WOSB and submit documentation to prove their eligibility, or provide documentation to prove they have been certified by a SBA-approved 3rd party certifier.

Size Standards: SBA establishes numerical definitions, or "size standards," for all for-profit industries. Size standards represent the largest size that a business (including its subsidiaries and affiliates) may be to remain classified as a small business concern. These size standards apply to SBA's financial assistance and other programs, as well as to Federal government procurement programs when a benefit is available qualifying as a small business concern.

Counseling

Key Objectives

Provide small businesses with counseling and training to start, grow, sustain, and compete in global markets, because research shows small businesses with a counselor have increased sales and longevity, and have hired more workers



Key Successes

- **Served over 1.1 million small business and entrepreneurs in FY 2012**
- **Helped clients in accessing more than \$4 billion in capital in FY 2012**
- **Expanded reach to entrepreneurs, through programs such as Emerging Leaders training for inner-city and Native American entrepreneurs, partnered with the AARP to train “Encore Entrepreneurs” age 50+ and the Boots to Business entrepreneurship program for veterans**

III. Counseling

SBA's Office of Entrepreneurial Development helps small businesses start, grow and compete in domestic and global markets by providing training, counseling and access to resources.

Small Business Development Centers (SBDCs) exist to foster local and regional economic development through small business growth, local business development, job creation and retention. SBDCs offer free one-on-one expert business advice and low-cost training by qualified small business professionals in areas ranging from export assistance to technology commercialization. These efforts helped entrepreneurs to create over 14,000 new businesses and raise more than \$4 billion in capital to invest in ongoing small business concerns in FY 2012 while serving 543,000 clients. In addition to its core services, the SBDC program offers special focus areas such as, green business technology, disaster recovery and preparedness, international trade assistance, veteran's assistance, technology transfer and regulatory compliance. The program uses a unique combination of federal, state and private sector resources to provide, in every state and territory, the foundation for the economic growth of small businesses. Over the past 35 years, the program has grown into one of the largest professional small business management and technical assistance networks in the nation with over 900 locations in every state and U.S. territory.

Women's Business Centers (WBCs) support women (and men) seeking to create, develop and expand small businesses by providing full access to the business development and expansion tools available through SBA's entrepreneurial development, lending, and contracting programs. WBCs reach many socially and economically disadvantaged women who are interested in owning their own businesses. WBCs develop long term relationships with their clients and provide community-based resources, customized to the unique needs of the respective areas. There are 106 WBCs in the United States and, in FY2012, Women's Business Centers counseled and trained over 136,000 entrepreneurs.

SCORE: "Counselors to America's Small Business," is a nonprofit association dedicated to providing entrepreneurs with free, confidential face-to-face and online business counseling. SCORE has over 13,000 volunteer business counselors and mentors who have more than 600 discrete business skills. Volunteers are working or retired business owners, executives and corporate leaders who share their expertise and lessons learned to help businesses start, grow and succeed. Services are offered through 350 place-based chapters and virtually through online counseling and training workshops. In FY 2012, SCORE served over 458,000 clients.

Entrepreneurship Education (EE) engages in a number of activities to support entrepreneurship including publications aiding small business decision-making, receiving visitors from around the globe eager to employ the "American free enterprise dream" at home, outreach to young entrepreneurs, distance learning, education projects on issues such as cyber-security, financial literacy, risk management and disaster preparation, the Emerging Leaders (e200) initiative, and manages the SCORE program.

Regional Innovation Clusters act as a networking hub to connect small businesses in a particular industry sector and geographic region with other business innovators in the same sector and with specialized suppliers, research institutions, large prime customers and investors who also operate in that sector. In addition, market success requires small businesses to know their customers and target their product development dollars efficiently. Therefore, through intensive, industry-specific technical assistance, our Clusters help small business innovators commercialize promising technologies needed by government and industry buyers in that particular sector. And then, through showcasing, networking and “demonstration events,” they help get these small businesses and their products in front of investment and other funding sources, research institutions and customers/buyers in order to bring products to market.

Across the country, our Resource Partners (SBDCs, SCORE, WBCs, veterans groups etc.) work with our Regional Innovation Clusters: the Resource Partners provide the businesses with information and coaching on the key building blocks of business success, while the Cluster experts help them with the highly technical product development and relationship-building assistance necessary to get and keep customers and investors in their particular market sector (such as smart-grid, fuel cell energy storage, solar cells, imaging, aerospace, and agricultural processing technologies and networks).

Recognizing the challenges that small business innovators face in making critical market, investor and research connections as well as the solution offered by Clusters, in September, 2010 SBA created a pilot initiative to identify promising regional innovation clusters and to identify best practices supporting cluster effectiveness.

Since 2010, SBA’s Regional Innovation Cluster Initiative has helped develop and grow 10 regional economies across the country and promote small business connections in key industry supply chains:

- 3 Advanced Defense Technology Clusters specifically focused on meeting the needs of the defense industry by developing and promoting innovation with defense applications including aerospace and cyber security.
- 7 Regional Innovation Clusters focused on ground-breaking technologies in a variety of industries including smart grid, nuclear technology, hydrogen fuel cell technology and agriculture technology.

SBA has also participated in Joint Cluster initiatives with other federal agencies through the Jobs Accelerator and Innovation Cluster program.

Our research shows small business participation in our 10 pilot clusters increased by more than 275 percent in just one year. Employment grew on average by more than 11 percent in the small businesses that participated in the 10 pilot clusters. And more than two-thirds (69 percent) of small businesses that sought cluster support reported that they developed new products and services.

The Online Learning Portal for small businesses and entrepreneurs is a newly redesigned, streamlined learning center with a searchable catalog of small business educational resources including self-paced courses, videos and web sessions. The resources may be sorted by topic, making it easier to quickly locate helpful information. For instance, if you want to take a course on how to write your business plan, the learning center is a one-stop destination to find the course as well as other supporting content.

Emerging Leaders (e200) is a federal training that specifically focuses on executives of businesses poised for growth in historically challenged communities. The initiative provides these executives with the organizational framework and resource network required to build sustainable businesses and promote the economic development within urban communities. Over the course of seven months, participants are given the opportunity to work with experienced mentors, attend specialized workshops and develop connections with their peers, city leaders, and the financial community. The Emerging Leaders Initiative incorporates a curriculum that is research-based and nationally scalable (expanding from 10 to 27 communities since 2008), enabling participating businesses to engage in focused development and expansion strategies, including options for accessing new capital and securing government contracts.

SBA's outreach in these communities has resulted in entrepreneurial success that generates new jobs, attracts investment, and provides a more sustainable economic base in distressed areas. The Emerging Leaders Initiative has aided nearly 1,300 urban and Native American small business owners in sustaining and growing their businesses. The results of the Emerging Leaders Initiative show significant employment growth among participating companies with over 900 new full-time employees. Participants accessed over \$26 million in new financing since graduating the program, a 27% increase compared to last year. In addition, participants have secured federal, state, local and tribal contracts with a cumulative total of \$330 million. This figure has increased each year since the initiative's inception.

In 2010, the Office of Native American Affairs joined this initiative and produced over 234 Native American graduates from 10 locations across Indian Country. 70 percent of Native e200 graduates maintained all or added new employees, grew their business revenue by 63%, and increased their business financing by 19%.

The Office of Native American Affairs (ONAA) ensures American Indians, Alaska Natives and Native Hawaiians seeking to create, develop and expand small businesses have full access to the necessary business development and expansion tools available through the agency's entrepreneurial development, lending, and contracting programs. ONAA provides a network of training and counseling services and engages in numerous outreach activities such as tribal consultations, development and distribution of educational materials, attendance and participation in economic development events and assisting AIAN/NH small businesses with SBA programs.

In 2012, ONAA and the Federal Reserve System sponsored training workshops for tribal governments, business managers, and tribal attorneys on how adoption of the Model Tribal Secured Transactions Act

(MTSTA) can increase creditor and investor confidence in tribal economies and ensure the steady growth of business and consumer credit in Indian Country. The office also launched the Native American Small Business Primer, an online self-paced course that provides an overview of basic business principles and awareness of the programs and services available from the SBA. More than 4000 individuals have registered for the online training. In 2013, SBA will launch a second series of online training geared toward American Indian, Alaska Native and Native Hawaiian entrepreneurs and their communities.

The office is engaged in other projects, including economic and business development resources through tribal colleges; building reservation-based entrepreneurial development; and providing online and CD resources. ONAA has launched the Native American Entrepreneurial Empowerment workshops initiative. In 2012, more than 160 participants received small business development training at eight events that extended across five states: Oklahoma, California, Texas, South Dakota and Washington. Nearly 150 hours of training and post technical assistance was provided to Native American communities, and in 2013 ONAA will conduct over 20 workshops throughout the country including Alaska and Hawaii.

The Center for Faith-Based and Neighborhood Partnerships (FBNP), with support from the White House Office of Faith-Based and Neighborhood Partnerships, is responsible for leading SBA's outreach to Faith-Based and Neighborhood organizations. Given the reach and authority of its stakeholders, FBNP is uniquely positioned to assist in building awareness of SBA programs in underserved markets through community involvement.

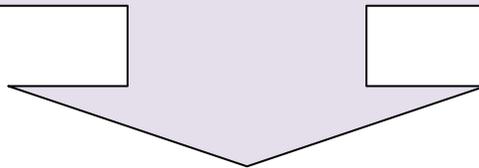
Veteran's Business Development maximizes the availability, applicability and usability of all SBA programs for Veterans, Service-Disabled Veterans, Reserve Component Members and their Dependents or Survivors. The expanded **Veteran Business Outreach Center Program (VBOC)** offers outreach, counseling, training, online assistance and coordinated access to local SBA and other entrepreneurial assistance programs. The **Entrepreneurship Boot Camp for Veterans with Disabilities (EBV)** leverages the skills, resources and infrastructure of higher education to offer training in entrepreneurship and small business management to service-disabled veterans. **Women Veterans Igniting the Spirit of Entrepreneurship (V-WISE)** began in Spring 2011 and focuses on training, networking and mentoring for women veterans. **Operation Endure and Grow** targets National Guard and Reserve members, their families and their business partners.

Investment and Innovation

Key Objectives

Fosters small business growth through investment in innovation by stimulating and supplementing:

- **Flow of private capital with debt leverage**
- **Research and technology-focused funding**



Key Successes

- **Leveraged a record \$3.3 billion to small businesses in FY 2012 through Small Business Investment Companies—a 17 percent increase from FY 2011**
- **Reduced SBIC fund licensing times from 14.6 months in 2009 to only 5.4 months in 2013**
- **Reauthorized the Small Business Innovation Research (SBIR) program and issued new policy directives and size rules to streamline the application process for federal R&D funding**

IV. Investment and Innovation

Growth Capital Financing:

Small Business Investment Company (SBIC) program provides licenses to qualified privately-managed funds, at no cost to taxpayers, which then provide growth capital to small businesses. These funds can be debt leveraged from the SBA up to three times the amount of privately-raised capital. For small businesses to be eligible to receive funding from SBIC-licensed funds, a small business must have a net worth of \$18 million or less, and an average after-tax income for the two preceding years of \$6 million or less. There are alternative size standards in some industries. The SBIC sells a debenture to the SBA, which guarantees repayment and creates a pool of these debentures for resale on the secondary market. SBICs can borrow three times their private capital to a maximum of \$113 million.

The **Impact Investment Fund** will provide \$1 billion to funds that invest in companies located in underserved communities or that invest in emerging sectors of national priority (currently clean energy and education). SBA will provide up to \$80 million in matching leverage to private capital raised by these funds. The first nationwide Impact Investment Fund was licensed in March 2012. The **Early-Stage Innovation Fund** targets companies who need financing amounts between \$1 and \$4 million, the so-called “Valley of Death” for high-growth companies. The Fund provides a 1:1 match to private capital raised by early stage seed funds.

Technology Programs:

Small Business Innovation Research (SBIR) Awards are competitive contracts and grants to small businesses to research and develop new ideas based on topic needs from participating government agencies. Eleven agencies with extramural research budgets greater than \$100 million annually are required to set aside 2.5% of their extramural research and development budget for SBIR awards. SBA coordinates and oversees the SBIR program but does not provide funding for the awards.

Phase I grants allow a company to determine if an idea has scientific and technical merit and is feasible; Phase I awards are for a maximum of \$100,000 over six months. Phase II evaluates the idea’s commercialization potential; Phase II awards are for a maximum of \$750,000 for up to two years. Phase III is private sector development of the idea. Intellectual property rights are protected for four years after the completion of Phase I, Phase II, or Phase III.

Small Business Technology Transfer (STTR) Awards require a small business to work with a non-profit research institute. Under the STTR Program, awards are made to small businesses that pursue technological innovation through cooperative research and development with certain Federal laboratories and non-profit scientific and educational institutions. Five agencies with extramural research budgets greater than \$1 billion annually are required to set aside 0.3% of their extramural research and development budget for STTR awards. The SBA coordinates and oversees the STTR program but does not provide funding for the awards. Phase I awards are for a maximum of \$100,000

for one year. Phase II awards are for a maximum of \$500,000 over two years. While there is no STTR funding for Phase III, the awarding agency may issue a sole source contract to a team that has successfully reached this stage.

Startup America:

Startup America is a White House initiative to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. The effort brings together corporations, universities, foundations and federal agencies to increase the prevalence and success of America's entrepreneurs. In FY 2011, SBA joined our Administration partners and traveled to eight cities across the country through the "Reducing Barriers Roundtable" initiative—meeting with entrepreneurs and hearing directly from them about their concerns.

RFP-EZ is part of the White House Presidential Innovation Fellows Program that brings in private sector leaders to collaborate on solutions that aim to deliver significant results. RFP-EZ is an easy to access web platform that will make it easier for small businesses to sell to the government and easier for the government to buy high end professional services from small businesses in the technology sector.

Exporting

Key Objectives

Provides financial and technical assistance to existing and potential small business exporters and collaborates with other government agencies to effect trade and economic policies



Key Successes

- **Since FY 2009, SBA has guaranteed 6,400 loans to small business exporters for over \$ 3.3 billion and supported more than \$6.3 billion in exports**
- **SBA has 19 international trade officers at U.S. Export Assistance Centers to provide counseling, help small businesses with export financing, and assist in finding working capital**
- **Since FY 2009, SBA has trained and counseled over 29,000 lenders on SBA export loan guaranty programs. Additionally, SBA trained and counseled over 58,000 small businesses on exporting and SBA finance options**

Small businesses looking to increase sales and profit are taking their businesses global. Nearly 96 percent of consumers and over two-thirds of the world's purchasing power reside outside the U.S. There are many good reasons to export, including: to reduce dependence on the domestic market; diversify sources of revenue; extend sales potential and product life cycle of existing products; and moderate seasonal markets and sales fluctuations, to name a few. As a result, SBA provides counseling, training and financing to support small business export opportunities and is committed to the Administration's National Export Initiative (NEI) to double U.S. exports.

Export Loan Programs:

Export Express Loans are available for exporters to finance business development activities, including such things as participating in foreign trade shows, translating brochures, filling foreign purchase orders, and improving facilities. The program, which was made permanent by the Small Business Jobs Act, offers one of SBA's highest guarantee levels. SBA will guarantee 90% of loans up to \$350,000 and 75% of loans between \$350,000 and \$500,000 (the maximum loan amount under the program).

Export Working Capital Loans provide financing for the entire export transaction cycle, from purchase order to collections. These loans can be used to purchase raw materials, inventory, labor, and overhead costs incurred to fulfill an export sales order, as well as to support any result foreign accounts receivable. The SBA will guarantee up to 90% of loans as large as \$5 million—SBA's highest guarantee level.

International Trade Loans are available to small businesses that are exporting goods and services, those that are planning to become exporters, and those adversely affected by imports. This loan can be used to acquire, construct, renovate, modernize, improve or expand facilities and equipment used in the U.S. to produce goods or services for export. SBA will provide a 90% guarantee on loans up to \$5 million under this 7(a) loan guarantee program, which may be offered by an SBA (7) approved lender. In addition, all three loan programs can be used by "in-direct exporters." An indirect export is when a product goes to an intermediary—either an export trading company or a manufacturer that might incorporate the product into the final exported good—who, in turn, becomes the final exporter. Documentation is required from the exporter-of-record that, in fact, the product will be exported.

Export Counseling and Training Programs:

SBDC, WBC and SCORE counselors provide a range of export assistance, including counseling, training and managerial assistance. Each SBA District Office has a **District International Trade Officer** who can help direct small businesses looking to expand their international business to the appropriate resource.

SBA is also an active participant in a network of **U.S. Export Assistance Centers**—a joint initiative of SBA, the U.S. Department of Commerce and the Export-Import Bank of the United States. These Export Assistance Centers are one-stop shops for small- and medium-sized businesses. Exporters can get counseling on export markets and market entry strategies from Department of Commerce Trade

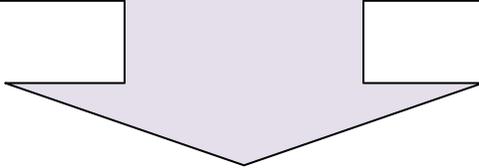
Specialists and answers to questions regarding export finance and international methods of payments from SBA Trade Finance or Export-Import Bank professionals.

Additionally, SBA launched the **State Trade and Export Promotion Grant (STEP) Program**, to provide up to \$30 million in grants annually from FY 2011-2013 to states for small business export assistance programs.

Disaster Assistance

Key Objectives

Provides direct disaster loans to homeowners, renters and businesses and non-profits impacted by Presidential or SBA declared disasters throughout the country



Key Successes

- **Simplified the online disaster loan application, making the filing process more user-friendly**
- **Issued 128 Agency drought declarations in 38 states in response to historic drought conditions in FY 2012—enabling small businesses, small agricultural co-ops and eligible non-profit organizations to apply for SBA working capital disaster loans of up to \$2 million**
- **Host monthly webinars in providing disaster preparedness strategies for businesses**

IV. Disaster Assistance

Through the agency's Office of Disaster Assistance, SBA is responsible for providing affordable, timely financial assistance and long-term recovery in the form of low-interest loans to homeowners, renters, non-farm businesses of all sizes and private, non-profit organizations following a disaster. The disaster loan program is the only form of SBA assistance not limited to small businesses, and the only direct loan program administered by the SBA.

Types of Disaster Declarations

When the President makes a disaster declaration for Individual Assistance, SBA's disaster loan program is automatically activated. Homeowners, renters and businesses of all sizes, including private, non-profit organizations are eligible to apply. Small businesses, small cooperatives and most private non-profits of any size can apply for SBA disaster loan to cover their physical and economic losses.

If, after a preliminary damage assessment conducted by the Federal Emergency Management Agency (FEMA), the state and SBA determine that the area's losses are insufficient for a Presidential disaster declaration, the Governor can make a request to the SBA Administrator for recovery assistance.

The SBA can make an Agency disaster declaration when at least 25 homes and/or businesses sustained at least 40% uninsured property damage.

Individuals, businesses and non-profits are eligible to apply for SBA disaster assistance under the Agency declaration.

Types of Disaster Loans

The SBA makes two types of disaster loans—physical and economic injury disaster loans.

Home Physical Disaster Loans up to \$200,000 are available to homeowners to repair or replace damaged or destroyed real estate not fully covered by insurance or other assistance such as grants. Homeowners and renters may also borrow up to \$40,000 to repair or replace damaged personal property like furniture, clothing, appliances, cars, etc.

Business Physical Disaster Loans are for businesses and non-profit organizations of all sizes to cover the cost of repairing or replacing damaged or destroyed real estate, inventory, supplies and machinery owned by the company, and not covered by insurance. Businesses and non-profit organizations such as charities, schools, churches, private universities, etc. may borrow up to \$2 million.

The SBA can also lend additional funds—up to 20% of the verified physical damage—to help with the cost of making improvements to the property that protect, prevent or minimize the same type of disaster damage from occurring again.

Economic Injury Disaster Loans (EIDLs) are loans for working capital available to small businesses, private non-profit organizations of all sizes and small agricultural cooperatives to help them cover normal operating expenses through the disaster recovery period. An EIDL is available even if the business or non-profit in question didn't suffer physical damage. Small businesses may borrow up to \$2 million, with interest rates as low as 4%.

Military Reservist Economic Injury Disaster Loans (MREIDL) are direct working capital loans for small businesses adversely affected when an essential employee is called up to active duty by the National Guard or Reserves. The loan limit for a MREIDL is \$2 million, and the funds may be used to cover operating costs until the essential employee or business owner is released from active duty. An "essential employee" is defined as an individual (regardless of whether he or she is the owner of the small business) whose managerial or technical skill is critical to the successful daily operation of the business. The interest rate on these loans is 4%, with terms up to 30 years.

Interest Rates

For disaster victims without credit available elsewhere (the ability to provide for their own recovery through private sector borrowing on reasonable terms without causing financial hardship, determined by SBA) the maximum interest rate on the physical disaster loans and Economic Injury Disaster Loans is 4%. For those with access to credit elsewhere, the interest rate cannot exceed 8%. Loan amounts and terms are set by SBA and are based on each applicant's financial condition. Terms of up to 30 years are available on all SBA disaster loans.

How to Apply for SBA Disaster Loans

Homeowners and renters who suffered damages to their homes and personal property after a declared disaster may apply for disaster loan assistance online. Businesses and non-profit organizations (as well as those applying for the MREIDL) can also go online to apply for assistance to cover losses to real estate and property, as well as economic injury.

Disaster loan applications are also mailed out to individuals and business owners when they register with FEMA following a Presidential disaster declaration. SBA disaster loan applications can also be picked up at any Federal/State Disaster Recovery Center or any SBA Outreach Center located throughout the declared disaster area. At the centers, SBA personnel are available to answer questions about the application process, provide help with filling out forms and can accept completed applications.