

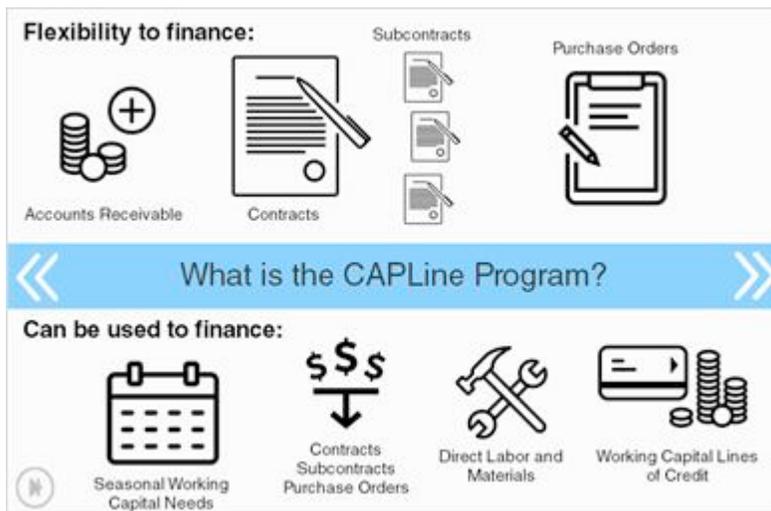
CAPLines Transcript

Introduction



Ready to learn about the SBA's CAPLine Program? Click Begin to start.

What is the CAPLine Program?

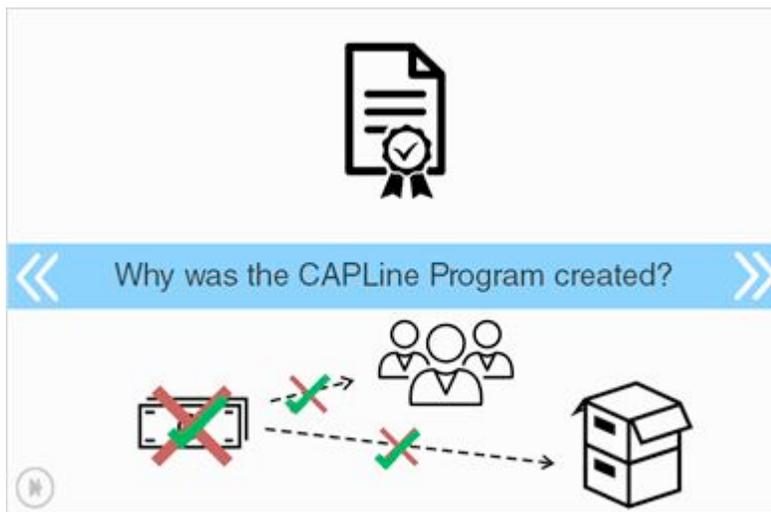


The SBA's CAPLine program gives small businesses more flexibility to finance Accounts Receivable, contracts, subcontracts, and purchase orders they compete for and win - both in the public and private sector. By addressing

the short-term and cyclical working capital needs of small businesses, the revolving line of credit will help small businesses manage their cash cycle, scale up and create jobs.

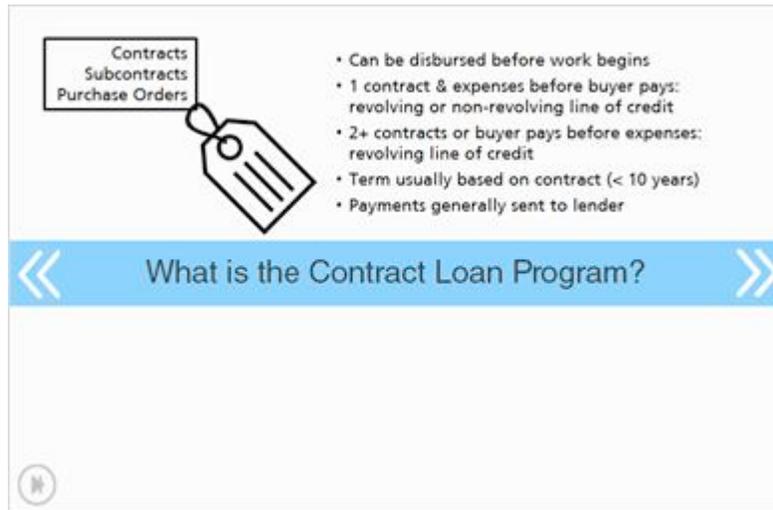
The programs can be used to finance seasonal working capital needs; finance the direct costs of performing certain construction, service and supply contracts, subcontracts, or purchase orders; finance the direct labor and material costs associated with commercial and residential construction and renovation; or provide general working capital lines of credit that have specific requirements for repayment.

Why was the CAPLine Program created?



Today, small businesses often compete for contracts to help them scale up and create jobs. One of the biggest “growing pains” associated with winning a new contract is the business often does not have the necessary cash on-hand to hire workers and buy materials to help fulfill the order. Contract CAPLine loans provide a path for these small businesses to finance contracts while avoiding high-interest rates.

What is the Contract Loan Program?



Contracts
Subcontracts
Purchase Orders

- Can be disbursed before work begins
- 1 contract & expenses before buyer pays: revolving or non-revolving line of credit
- 2+ contracts or buyer pays before expenses: revolving line of credit
- Term usually based on contract (< 10 years)
- Payments generally sent to lender

What is the Contract Loan Program?



The Contract Loan Program finances the cost associated with contracts, subcontracts or purchase orders. Proceeds can be disbursed before the work begins. If used for one contract or subcontract when all the expenses are incurred before the buyer pays, it may be revolving or non-revolving. If used for more than one contract or subcontract, or for contracts and subcontracts where the buyer pays before all work is done, the line of credit can revolve. The loan maturity is usually based on the length of the contract, but no more than 10 years. Contract payments are generally sent directly to the lender, but alternative structures are available.

How does SBA support businesses' seasonal capital needs?

The infographic is titled "How does SBA support businesses' seasonal capital needs?". It features four icons representing different types of capital needs: Inventory (cubes), Accounts Receivable (grid), Labor (wrench and hammer), and Materials (cylinders and coins). The title is centered in a blue banner with double arrows on either side. Below the banner is a list of eligibility criteria.

- In-business for at least 12 months
- Established seasonal patterns
- "Clean-up" period of 30 days for a new season
- Up to five years' maturity
- Limit of 1 seasonal line of credit at a time

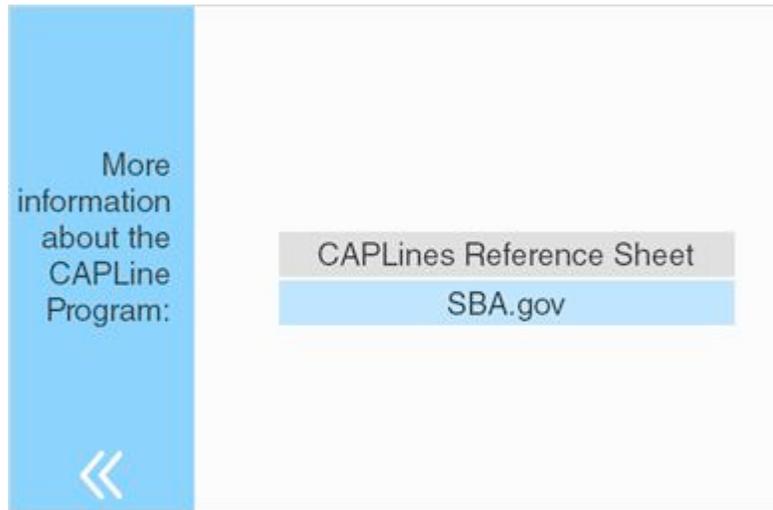
The Seasonal Line of Credit Program supports the buildup of inventory, accounts receivable or labor and materials above normal usage for seasonal inventory. The business must have been in business for a period of at least 12 months and must be able to demonstrate that it has a definite established seasonal pattern. The loan may be used over again after a "clean up" period of 30 days to finance activity for a new season. These loans also may have a maturity of up to five years. The business may not have another seasonal line of credit outstanding, but may have other lines for non-seasonal working capital needs.

What is the Builder's Line Program?



The Builders Line Program provides financing for small contractors or developers to construct or rehabilitate residential or commercial property that will be sold to a third party that is not known at the time construction/rehabilitation begins. Loan maturity is generally three years, but can be extended up to five years, if necessary, to facilitate the sale of the property. Proceeds are used solely for direct expenses of acquisition, immediate construction and/or significant rehabilitation of the residential or commercial structures. Land purchase can be included if it does not exceed 20 percent of the loan proceeds. Up to five percent of the proceeds can be used for community improvements that benefit the overall property, such as streets, curbs, sidewalks, or open spaces The Working Capital Line of Credit Program is a revolving line of credit (up to \$5,000,000) that provides short-term working capital. Businesses that generally use these lines provide credit to their customers or have inventory as their major asset.

More Information



To learn more about the SBA's CAPLine Program, check out these resources on the SBA Partner Training Portal, or check out SBA.gov's CAPLines page.