

Understanding the SBA: Financing & More For Your Business

June 6, 2018



U.S. Small Business
Administration



Md. Washington
Minority Companies Association
Connecting Large & Small Businesses to Work Together



First National Bank

SMALL BUSINESS FINANCE

WHAT DOES THE SBA DO?

- SBA Helps Small Businesses Grow and Create Jobs
- **Counseling and Training**
 - Low-cost classes in basic and more advanced business skills
 - FREE one-on-one, in-depth business coaching and mentoring
 - Above services offered through SBA's resource partners
- **Capital Access**
 - The SBA Loan Program reduces lender risk to help free-up capital
 - Lender Match is a free online referral tool (www.sba.gov/lendermatch) that connects small businesses with participating SBA-approved lenders
 - An "SBA-Guaranteed Loan" is a transaction strictly between a borrower and a lender
- **Contracting Support**
 - Federal small business certifications
 - HUBZone contracting opportunities
 - 8(a) small business development program contracting opportunities

SBA PROGRAMS - OVERVIEW

- **SBA 7(a)**
 - Flagship program of the Small Business Administration
 - Loan max is \$5 Million
 - Proceeds can be used for start-ups, business acquisitions, partner buyouts, working capital, commercial real estate purchases, and more
- **SBA 504 (50/40/10 Loan)**
 - Finance the purchase of fixed assets – such as owner occupied commercial real estate and equipment
 - Larger loan max (Up to \$12.5 Million or more)
 - The First Trust lender provides 50% of financing, the CDC (an arm of the SBA) provides 40%, and the borrower injects 10% equity into the loan
- **Express Loans**
 - Term Loans - 5- 10 year maturity, 25 years for CRE
 - Lines of Credit – 10 year maturity including revolver
 - Max of \$350,000
 - Use of proceeds same as 7(a)

WHY SHOULD YOU CONSIDER SBA?

- The SBA product suite offers several advantages that traditional banks normally cannot offer, including:
 - Lower Down Payments
 - Longer Terms
 - Fully Amortizing Loans – no calls or balloon payments
 - No Loan Covenants
 - Don't have to be Fully Secured on a Loan
 - Multiple Uses of Proceeds in One Loan

OUR UNIQUE PROCESS

Collect Application Information

As available from applicant



Pre-Qualify Loan Request

Typically 48 to 72 hours from receipt of all prequalification info



Provide Financing Proposal

Typically 2 to 3 days after prequalifying the loan request



Loan Approval and Commitment Letter

Typically 10 to 14 days after receipt of application package by underwriting



Closing and Funding

Typically 45 to 60 days from receipt of signed commitment letter

THANK YOU



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