

SBA 7(a) Loans
 Micro Loans
 SBA 504 Loans
 Resources

FUNDING YOUR BUSINESS



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The U.S. Small Business Administration Mission

The SBA is a Federal Agency established in 1953 to aid, counsel, assist and protect the interests of small businesses. The agency helps Americans start, build and grow businesses through an extensive network of field offices and partnerships with public and private organizations across the nation.

SBA's mission is clear: *To help small businesses start, grow, expand, recover.*

They Make Connections, open doors, focus on small businesses, spark change. They are the catalyst for growth —powering the American dream.

Learn more at www.SBA.gov



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SBA 7(a) Loans

7(a) loans are considered the most widely used and all-encompassing loan with the most flexibility available for businesses.

- The maximum SBA 7(a) loan amount is \$5 million
- The loan term depends on the use of proceeds (up to 10 years for short term assets, and up to 25 years for real estate)
- Can be combined or used with other financing such as an SBA 504 or conventional loans

An SBA 7(a) loan may also be used to start a business, purchase a business, working capital, equipment or inventory, refinance debt or purchase or construct a building. Rates will depend on the loan term and how the money from the loan (proceeds) will be used. The lenders who participate in the SBA 7(a) program follow the SBA credit guidelines first and then their own institution second, so each lender may have slightly different requirements.

Banks may either be Preferred Lenders (PLP) providers or non-delegated lenders. With Preferred Lenders, the bank makes most decisions in house with delegated authority by the SBA thus speeding up the overall process by several weeks. Those banks with non-delegated authority will approve the loans first then send to the SBA for their final approval, which typically adds several weeks to the overall process.

Midland States Bank is a Preferred Lender (PLP) Lender with the SBA!

To find an SBA lender in your area visit: [Small Business Administration \(sba.gov\)](https://www.sba.gov)



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Micro Loans

Microloans are small loans with a maximum of \$50,000, a term no longer than 6 years, and an interest rate of about 8% to 13%.

Proceeds from microloans may be used only for working capital and acquisition of materials, supplies, furniture, fixtures, and equipment. Start ups may qualify for funding.

Unfortunately, SBA's microloan program is not available in all parts of the country.

To find a Microloan lender near you visit: [List of lenders \(sba.gov\)](https://www.sba.gov)



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SBA 504 Loans

504 loans are utilized to finance fixed assets such as real estate, building, and heavy equipment.

504 loans are available through Certified Development Companies (CDCs), SBA's community-based partners who regulate non-profits and promote economic development within their communities. CDCs are certified and regulated by SBA.

The 504 Loan Program is a public/private partnership where banks provide 50% of project financing in the form of a senior loan and the SBA 504 loan program (CDC) partner can provide up to 40% in a subordinate position. The business owner provides a minimum 10% equity injection.

- The maximum amount financed can be up to \$5 million
- A portion of the financing through the (CDC) will have a fixed interest rate for the life of the loan with a maturity of up to 25 years
- Can be used with other financing such as an SBA 7(a) loan

To find an SBA lender in your area visit: [Small Business Administration \(sba.gov\)](https://www.sba.gov)

To find an CDC in your area visit: [Small Business Administration \(sba.gov\)](https://www.sba.gov)



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Get Organized

By gathering the items below, it will help not only speed up the loan process and also make you better prepared.

Gather the following and store electronically:

- 3 Years of Personal Federal Tax Returns (all schedules)
 - 3 Years of Business Federal Tax Returns (all schedules) – for existing companies
 - YTD Profit and Loss Statement & Balance Sheet - for existing companies
 - Management Resume
 - Organizational Documents – EIN Letter from IRS, Articles of Inc, Incorporation Docs, By Laws, Operating Agreement
 - Personal Financial Statement (PFS) – download from the SBA website
 - Purchase Contracts - *if applicable*
 - Lease Agreements - *if applicable*
 - Summary Business Plan
 - Projections for 3 years – year 1 itemized and years 2 & 3 annualized
 - Business Schedule of Liabilities – *if applicable*
- Know your credit history!**



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Resources

SBA is able to provide free and low cost, one-on-one business assistance through the many programs it supports across the nation. These programs are often called *SBA's Resource Partners*.

You can typically find an SBA Resource Partner in almost every community.

These include:

- **Service Corps of Retired Executives (SCORE)**
- **Small Business Development Centers (SBDCs)**
- **Women's Business Centers (WBCs)**
- **Veteran's Business Outreach Centers (VBOCs)**
- **Public Library**



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Service Corps of Retired Executives (SCORE)

SCORE, the nation's largest network of volunteer, expert business mentors, is dedicated to helping small businesses get off the ground, grow and achieve their goals. Since 1964, we have provided education and mentorship to more than 11 million entrepreneurs.

SCORE is a 501(c)(3) nonprofit organization and a resource partner of the U.S. Small Business Administration (SBA). Thanks to this generous support from the SBA and because of the selfless contributions of our more than 10,000 dedicated volunteers and 250 offices nationwide - they are able to deliver most of our offerings at no cost.

SCORE provides a wide range of services to established and budding business owners alike, including:

- One on One Mentoring, helping to draft a business plan and projections
- Webinars and Courses on Demand
- Library of Online Resources
- Local Events including Workshops and Seminars

Learn more at WWW.SCORE.ORG



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Small Business Development Centers (SBDCs)

SBDCs are hosted by leading universities, colleges, state economic development agencies and private partners, and funded in part by the United States Congress through a partnership with the U.S. Small Business Administration.

There are nearly 1,000 local centers available to provide no-cost business consulting and low-cost training to new and existing businesses.

SBDCs provide high quality one-on-one consulting, training and information resources to empower new and existing businesses.

Each SBDC offers relevant assistance in all aspects of small business management business planning, marketing assistance, financial management, loan packaging, export-import assistance, etc.

Learn more at WWW.AMERICASSBDC.ORG



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Women's Business Centers (WBCs)

Women's Business Centers help women succeed in business by providing training, mentoring, business development and financing opportunities.

WBCs are funded in part by the SBA, so their services are provided at no charge or at a very low cost.

While services are not exclusively for women, WBCs seek to "level the playing field" for women entrepreneurs, who still face unique obstacles in the business world.

Learn more at [Small Business Administration \(sba.gov\)](http://Small Business Administration (sba.gov))



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Veteran's Business Outreach Centers (VBOCs)

The **Veterans Business Outreach Center (VBOC)** program is designed to provide entrepreneurial development services such as business training, counseling, and resource partner referrals to transitioning service members, veterans, National Guard & Reserve members, and military spouses interested in starting or growing a small business.

SBA has 22 organizations participating in this cooperative agreement and serving as Veterans Business Outreach Centers (VBOC).

As a Resource Partner of the SBA, the services of the VBOCs are provided at no charge or at a very low cost.

There are 22 VBOCs, each covering several states.

Learn more at [Small Business Administration \(sba.gov\)](http://Small Business Administration (sba.gov))



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Public Library

Although not an SBA resource partner, it is one of the most frequently overlooked taxpayer funded free resources in your back yard!
For entrepreneurs both budding and established, libraries provide a wealth of free resources.

Some ways they provide for business owners include free classes, mentoring and networking opportunities, dedicated tools and workspaces, guidance in navigating copyright, patent and trademark resources, and access to specialized business databases.

Learn more by visiting your local or regional library!



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Assemble Your Financial **TEAM**

- Banker**
- Attorney**
- Accountant**
- Insurance Agent**
- Mentor**



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PLEASE FEEL FREE TO REACH OUT WITH QUESTIONS

***It Takes A Village to Start &
Grow A Business!***

You are **NEVER** alone on your entrepreneurial journey.
Please use all of the resources at your fingertips.



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