Veteran Financing Programs

May 2012
Agenda

• Overview of the SBA program
• 7a Loan Program
  – Patriot Express
  – Caplines
• Microloans
• 7a vs. 504
• Contact information
SBA Financial Assistance

• NO DIRECT LOANS (except during natural disasters)

• 7(A) LOAN GUARANTY PROGRAM
  – Patriot Express, Caplines

• MICROLOANS

• 504 LOAN PROGRAM
7(A) Patriot Express

- $500,000 maximum amount
- Bank is the lender and we offer a % guaranty to the bank
- Lines of credit or term loans
  - 7 year term for revolving lines; up to 25 yrs for non-revolving term loans
- Used for working capital, inventory, business acquisition, debt refinancing, and commercial owner occupied real estate
• 4 Types of CapLines
  – Working Capital
    • Revolving Line of Credit; 10 year term
  – Contract
    • Finance all costs of a contract except profit
  – Seasonal
    • Specific seasonal Line of Credit needs
  – Builder
    • Commercial or residential structures; Only 5 year term
Non 7(a) Microloans

MICROLOANS

• $50,000 maximum amount; normally $10,000 and lower
• Direct loans from nonprofit lenders at fixed rates
• Technical assistance provided
• 6 year maximum term
• Many uses except debt refinance

• Resource Guide page 30
504 Loan Program

- 2 separate loans- bank does 50%, SBA does 40% , and owner injects 10%
- Maximum amount of $5 or $5.5 million, depending upon use
- 10 year or 20 year fixed rate SBA note for the 40% portion
- Used for land & buildings and long-term equipment
504 Refinancing Program

• Ends September 2012
• Original loan proceeds must have been 504 eligible
• Can get cash out for equity up to 90% of current appraised value
• Local Certified Development Company (CDC) is contact point. List is in the Resource Guide
Veteran Eligibility

- Patriot Express loans are available from Express lenders with a higher SBA guaranty and “relaxed collateral requirements”
- Only approved delegated-authority lenders can process Patriot Express loans. Lenders contact info on page 25 of the Small Business Resource Guide
- Program open to active duty and honorably discharged veterans and their spouses
- Veteran owned business must be 51% owned
Interest Rate

- Base Rate – Prime, LIBOR, SBA Peg Rate or SBA Fixed Base Rate (FBR) published monthly
- Fixed or variable interest rates
- Adjustments monthly, quarterly, etc (daily adjustment not allowed)

**Standard 7(a), Patriot Express & Capline Rates**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Under 7 Years</th>
<th>7 Years +</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-$25,000</td>
<td>Prime + 4.25%</td>
<td>Prime + 4.75%</td>
</tr>
<tr>
<td>$25,001 to $50,000</td>
<td>Prime + 3.25%</td>
<td>Prime + 3.75%</td>
</tr>
<tr>
<td>Over $50,000</td>
<td>Prime + 2.25%</td>
<td>Prime + 2.75%</td>
</tr>
</tbody>
</table>
Collateral

- PTX borrowers must pledge assets sufficient to secure the loan >$350,000
  - Based on liquidation values
- Personal guarantees required on anyone with 20% or more ownership
- Personal assets could be required
- Loans usually not declined when insufficient collateral is the **ONLY** unfavorable factor
Veteran Resources

• Small Business Development Centers (SBDCs)
  – Free Veteran assistance to prepare business plans, financial packages, and quality improvements
  – Contact Patricia Krausman at (270) 765-6737

• Service Corps of Retired Executives (SCORE)
  – Free online Veteran resources provided by SCORE at [www.vetsfastlaunch.org](http://www.vetsfastlaunch.org) to include free and discounted products, services, workshops, and business advice
  – Contact info@score-lexington.org or (859) 231-9902
The Kentucky Economic Development Finance Authority website has information on state loan, grant, training, and tax credit programs

- Hi Tech Funding Programs: [http://www.thinkkentucky.com/dci/DCIFunding.aspx](http://www.thinkkentucky.com/dci/DCIFunding.aspx)

Contact: Mark Johnson at markL.johnson@ky.gov or (502) 782-1956
My contact information:

John.McClure@SBA.gov

(502) 582-5971 ext 261