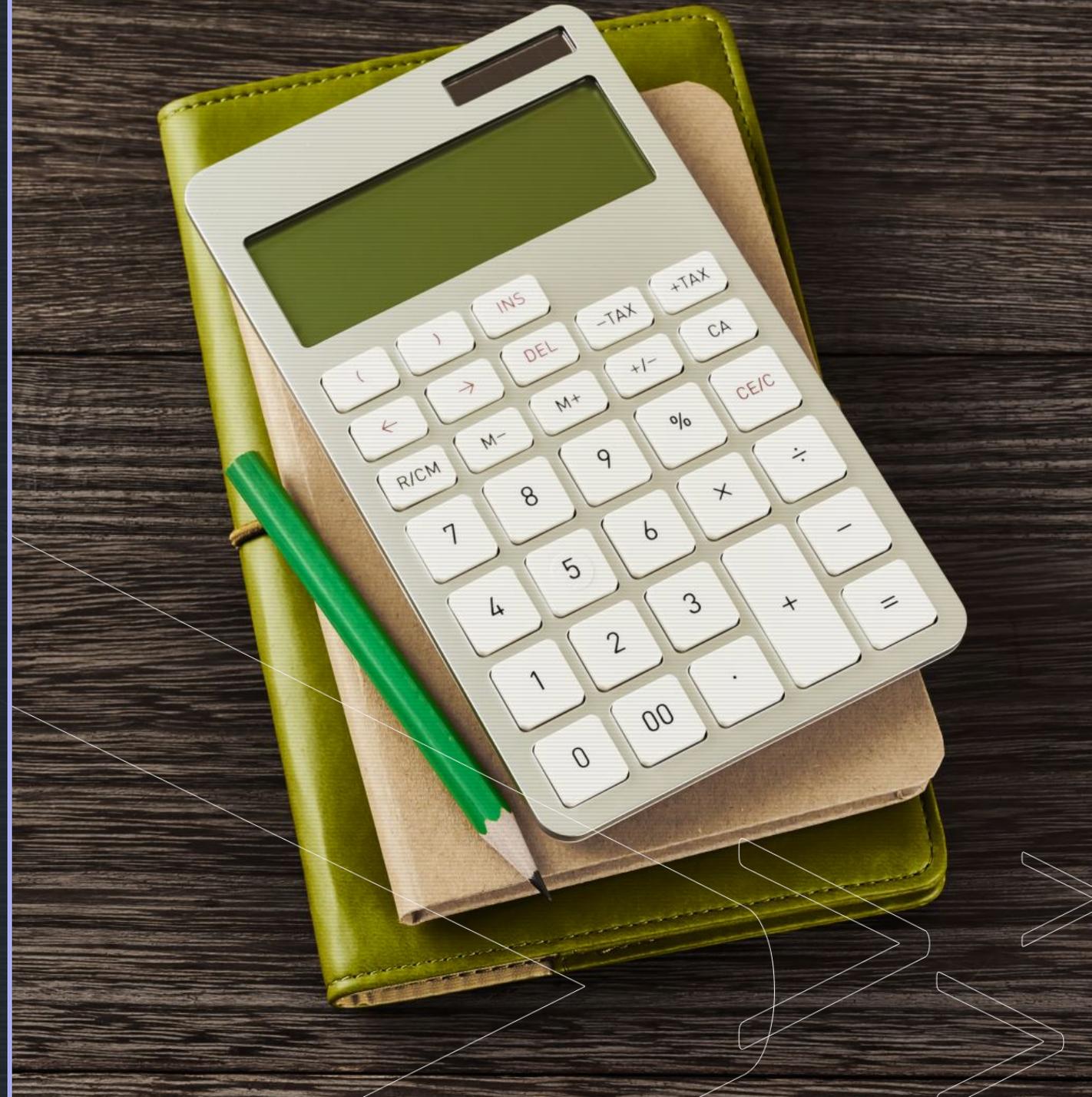


Small Business Administration SBA

Cassandra Havard, Esq.

Ethan Smith, Esq.

Britani Peterson



Cassandra Jones Havard, Esq.

Education:

B. A., with highest honors, Bennett College
J.D., University of Pennsylvania

Expert in:

- Corporate Governance and Compliance
- Financial Institutions' Regulation
- Financial Access and Inclusion
- Subprime and Predatory Lending
- Venture Capital Financing



Ethan Smith, Esq.

Education:

B. A., The Johns Hopkins University
J.D., College of William and Mary

Specialties:

- Commercial Lending
- Government Guaranteed Lending
- Mergers and Acquisitions
- Real Estate
- Corporate Governance
- Regulatory Compliance



THE SBA: HISTORY & BACKGROUND

Great Depression

President Herbert Hoover, 1932
Reconstruction Finance Corporation (RFC)

World War II

Franklin D. Roosevelt, 1942
Smaller War Plants Corporation (SWPC)

Post-WWII

Office of Small Business (OSB) in the Department of Commerce

Small Business Act of July 30, 1953

Created the **Small Business Administration**

Function: to aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns



THE SBA: AUTHORITY

Laws, policy, and regulations

- Small Business Act (1953)
- Small Business Investment Act (1958)
- Code of Federal Regulations
- Standard Operating Procedures: *SOPs*

Mission: The U.S. Small Business Administration helps Americans start, build, and grow businesses.

THE SBA: PURPOSE

Access to Capital



The SBA provides an array of financing for small businesses from the smallest needs in microlending to substantial debt and equity investment capital.

Entrepreneurial Development



The SBA provides free counseling and low-cost training to new entrepreneurs and established small businesses in over 1,800 locations.

Government Contracting

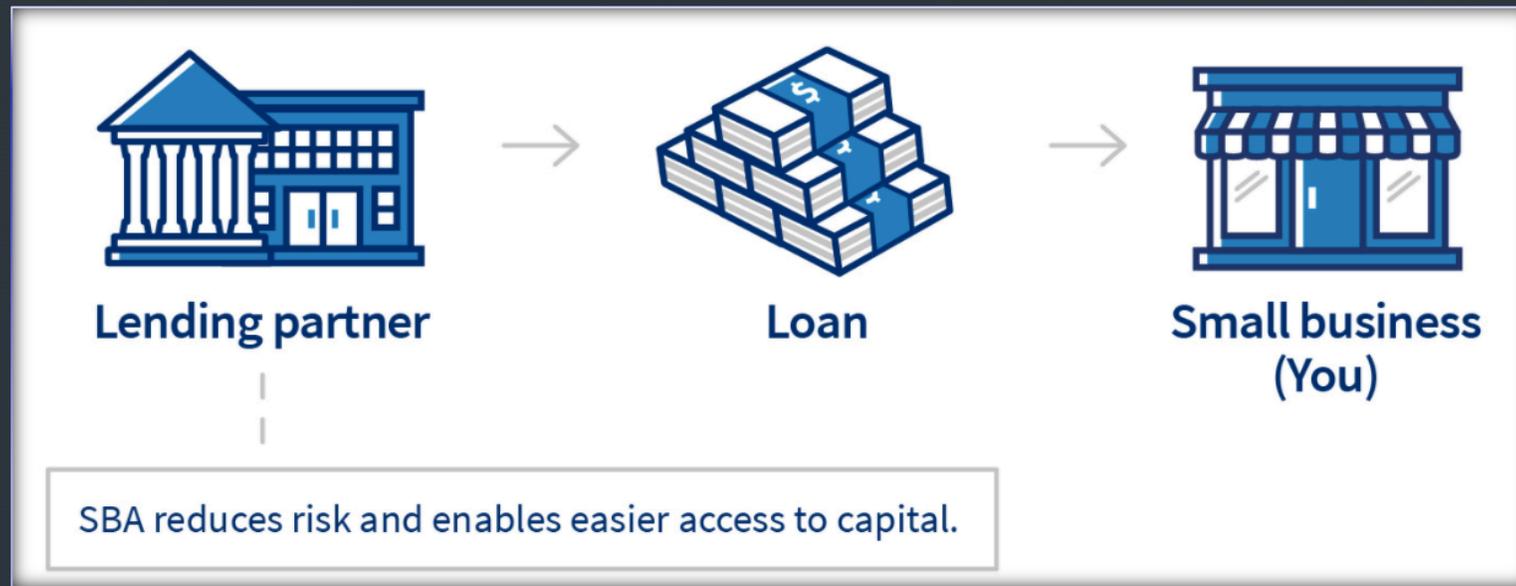


The SBA sets goals with other federal departments and agencies to award 23 percent in prime contract dollars to small businesses.

Advocacy



The SBA reviews Congressional legislation, testifies on behalf of small businesses, and assesses the impact of regulatory burden on small businesses.



Three primary loan programs:

7(a) loans



A group of SBA loans which guarantee portions of the total amount, cap interest rates, and limit fees

504 loans



Long-term, fixed-rate financing to purchase or repair real estate, equipment, machinery, or other assets

Microloans



The SBA's smallest loan program, providing \$50,000 or less to help businesses start up and expand

Standard 7(a) Loan

Maximum Loan Amount	\$5 million
Maximum SBA guarantee %	85% for loans up to \$150,000 and 75% for loans greater than \$150,000
Interest Rate	Lenders and borrowers can negotiate the interest rate, but it may not exceed the SBA maximum
Collateral	Lenders are not required to take collateral for loans up to \$25,000. For loans in excess of \$350,000, the SBA requires that the lender collateralize the loan to the maximum extent possible up to the loan amount.

- Operate for profit
- Be considered a small business, as defined by the SBA
- Be engaged in, or propose to do business in, the United States or its possessions
- Have reasonable invested equity
- Use alternative financial resources, including personal assets, before seeking financial assistance
- Be able to demonstrate a need for a loan
- Use the funds for a sound business purpose
- Not be delinquent on any existing debt obligations to the U.S. government

7(a) LOAN ELIGIBILITY

- Long- and short-term working capital
- Revolving funds based on the value of existing inventory and receivables
- The purchase of equipment, machinery, furniture, fixtures, supplies, or materials
- The purchase of real estate, including land and buildings
- The construction a new building or renovation an existing building
- Establishing a new business or assisting in the acquisition, operation or expansion of an existing business
- Refinancing existing business debt, under certain conditions

7(a) LOAN Basic Uses

CDC/504 Loans

Maximum Loan Amount	Generally capped at \$5 million Certain energy-efficient projects may be up to \$5.5 M
Interest Rate	Fixed rates
Collateral	Typically a 10% down payment required



The purchase or construction of:

- Existing buildings or land
- New facilities
- Long-term machinery and equipment

Or the improvement or modernization of:

- Land, streets, utilities, parking lots and landscaping
- Existing facilities

**504 LOAN
Basic Uses**

Microloans

- Maximum amount: \$50,000
- Eligibility Requirements: depends on intermediary lender

Microloans can be used for:

- Working capital
- Inventory or supplies
- Furniture or fixtures
- Machinery or equipment



Private investors
Participate as limited partners and invest funds.

SBA
Matches investors' funds \$2 to \$1.

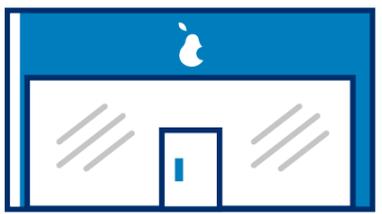
An SBIC is a privately owned company that's licensed and regulated by the SBA.



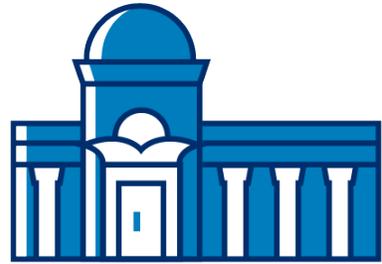
SBICs invest in small businesses in the form of debt and equity. The SBA doesn't invest directly into small businesses, but it does provide funding to qualified SBICs with expertise in certain sectors or industries. Those SBICs then use their private funds, along with SBA-guaranteed funding, to invest in small businesses.



Small business



Small business



Small business

Contracting Assistance Programs

Women-Owned Small Business Federal Contracting Program

- *Goal: at least five percent to women-owned small businesses*

Service-Disabled Veteran-Owned Small Businesses program

- *Goal: at least three percent to service-disabled veteran-owned small businesses*

8(a) Business Development program

- *Goal: at least 5 percent to small disadvantaged businesses*

Questions?

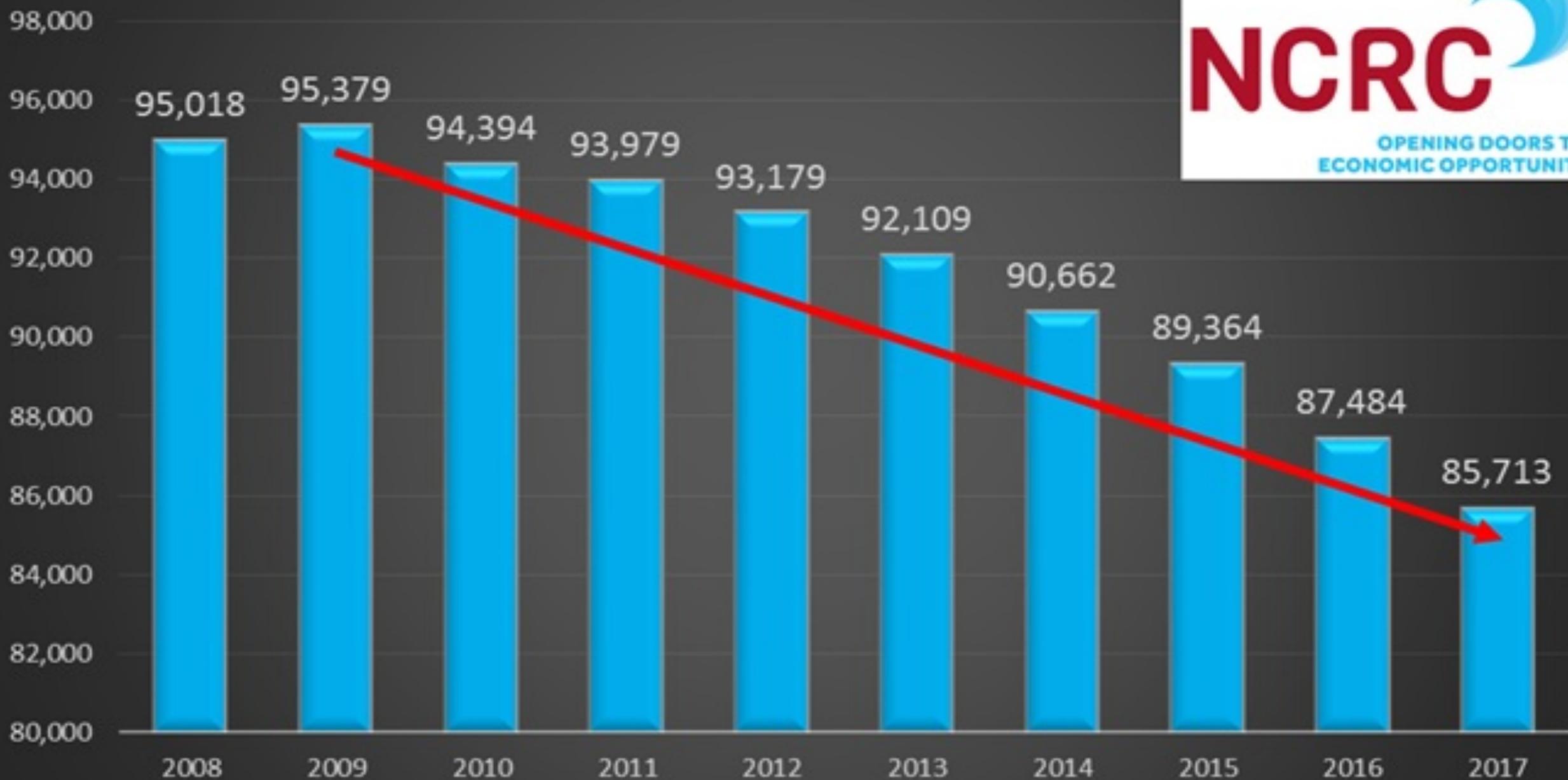




The following slides were received from Professor
Cassandra Jones Havard, Esq.

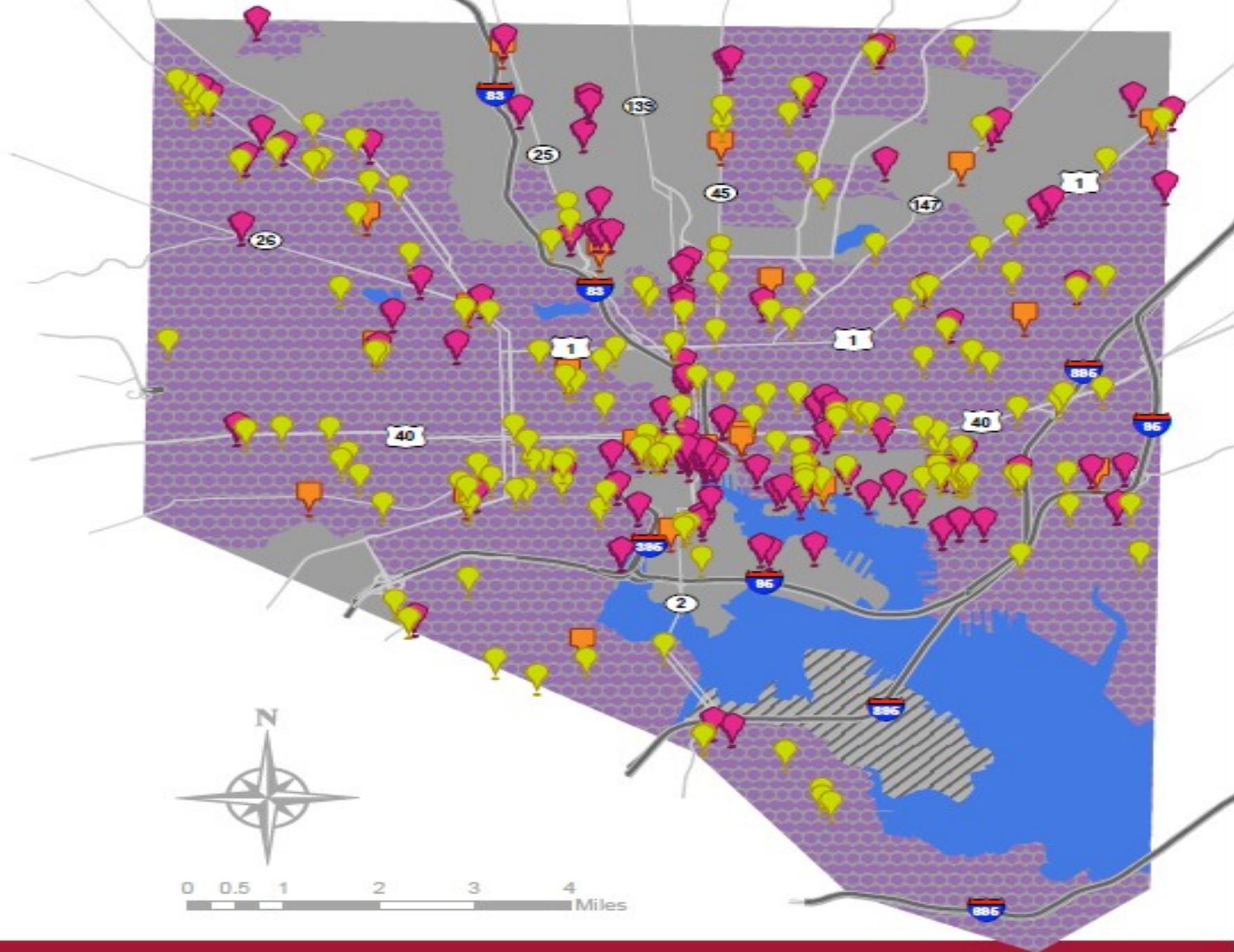


BRANCH NUMBERS



BALTIMORE, MARYLAND

-  Low and Moderate Income Census Tracts
-  Bank Branches
-  Full Service Post Offices
-  Alternative Financial Services Providers
-  No Residential Population



NATIONAL
COMMUNITY
REINVESTMENT
COALITION

NCRC

www.ncrc.org

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Washington DC 20005



Businesses who have had SBA assistance:

