

U.S. Small Business Administration

Los Angeles District Office

330 North Brand Suite 1200

Glendale, CA 91203



.com
http
www
@

LADOLenderRelations@sba.gov

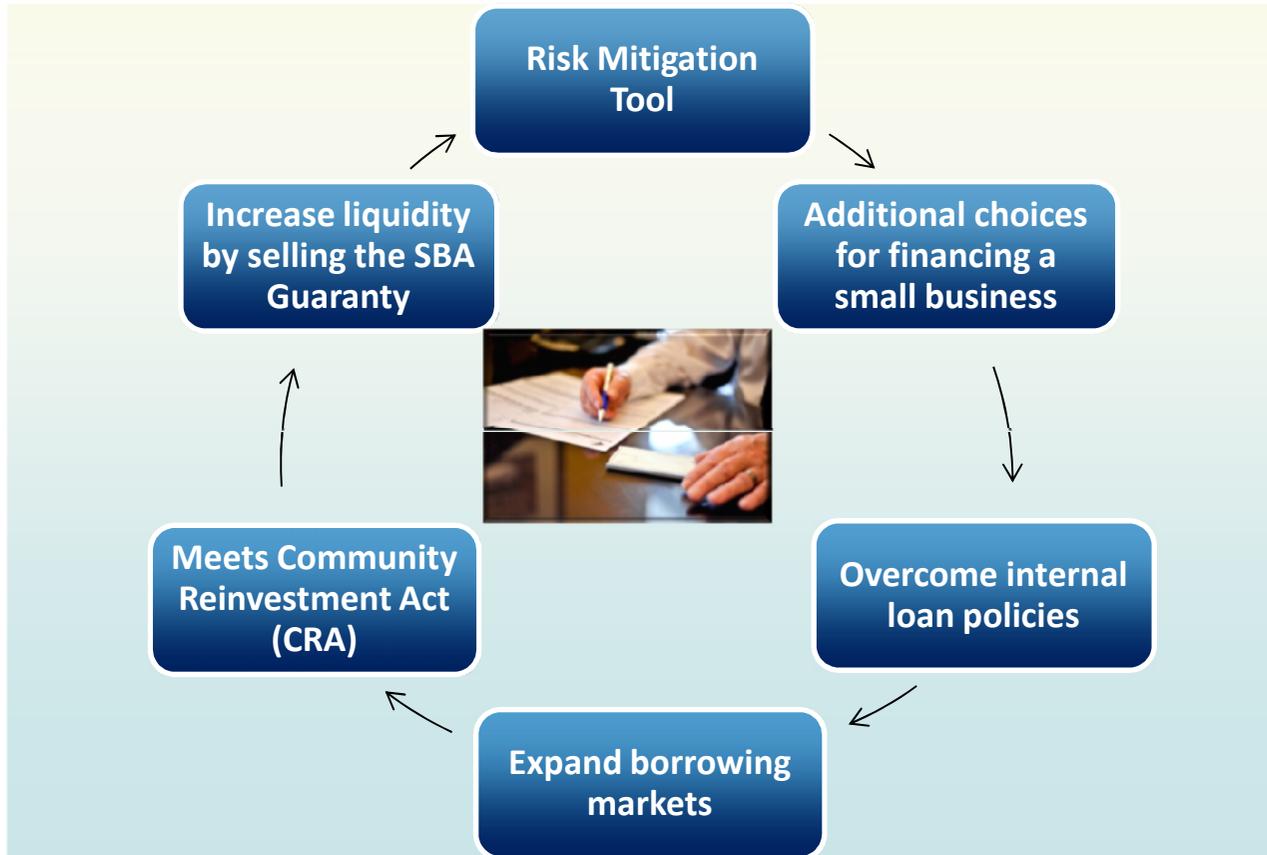
www.sba.gov/ca/la



U.S. Small Business Administration

SBA ONLINE CLASSROOM: GROWING A BUSINESS

Lenders Benefits of SBA Loans



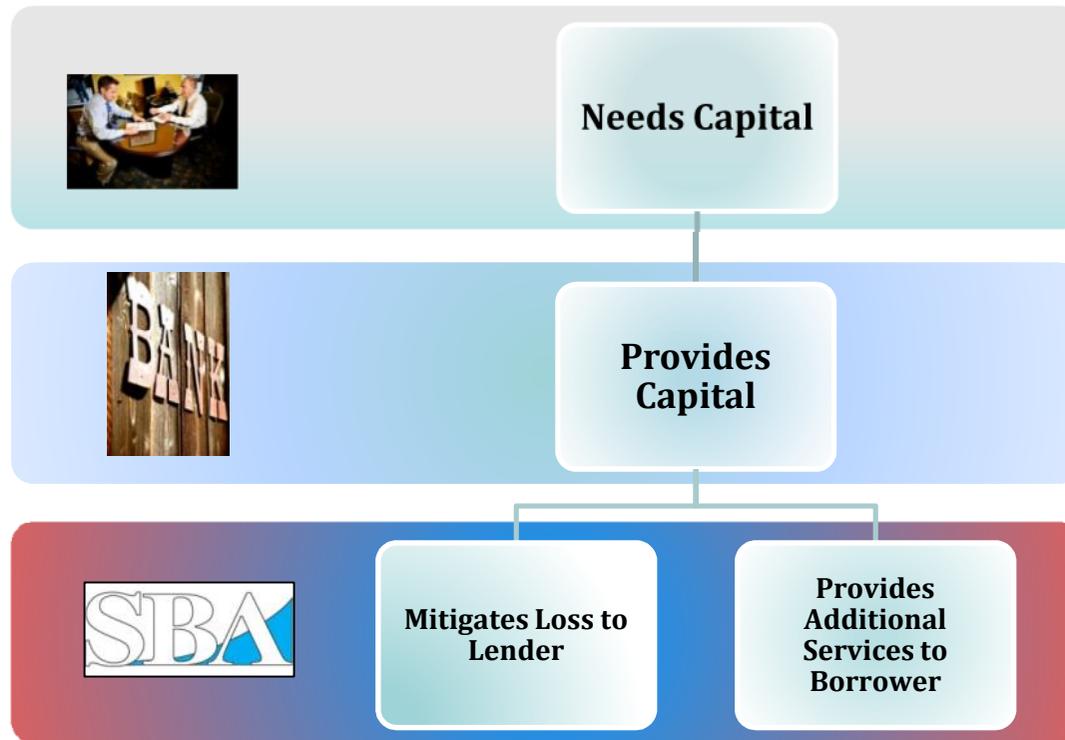
Why the SBA?

Example	Risk Weight	Capital Ratio	Capital Amount	Calculation
Commercial Loan for \$1,000,000	100%	12%	\$120,000	$.12 * \$1,000,000$
7(a) \$1,000,000 Not Sold	20% Guaranteed Portion & 100% For Un-Guaranteed	12%	\$18,000 \$30,000	$.2 * 750000 * .12$ $1 * 250000 * .12$
7(a) \$1,000,000 Sold	100% For Un-Guaranteed	12%	\$30,000	$250000 * .12$

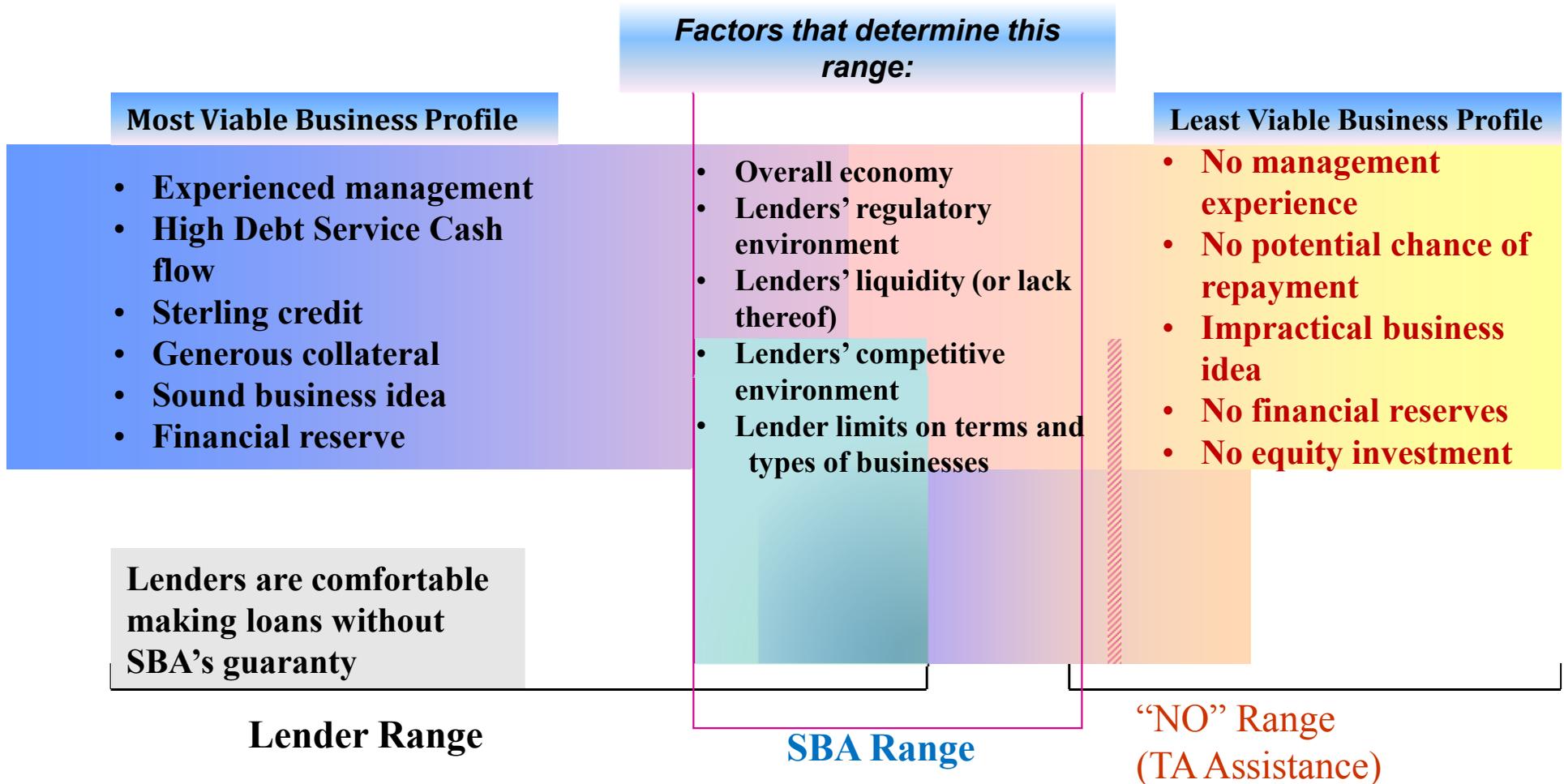


How Does it Work

Federal Loan Guaranty For Small Businesses



Where Does an SBA Loan Fit?



What is an SBA Borrower?

- ✓ A borrower who may be short on collateral
- ✓ A borrower who does not fit the lenders standards of lending
- ✓ A start-up with no proven history
- ✓ A borrower who currently has non-SBA financing under less than favorable terms

7(a) Loan Programs

SBA Program	Max Loan Amount	SBA Guarantee
Standard 7(a)	up to \$5 million	85% <\$150K or 75% on > \$150k
SBA Express	up to \$350,000	50%
Patriot Express	up to \$500,000	Same as 7a
SLA	up to \$250,000	Same as 7a
RLA	up to \$350,000	Same as 7a
Export Express	up to \$500,000	90% <\$350K or 75% on > \$350k
International Trade	up to \$5 million	90% <\$350K or 75% on > \$350k
Export Working Capital	up to \$5 million	90% -\$4.5 million max guarantee
CAPLines	up to \$5 million	Same as 7a
Community Advantage	up to \$250,000	Same as 7a



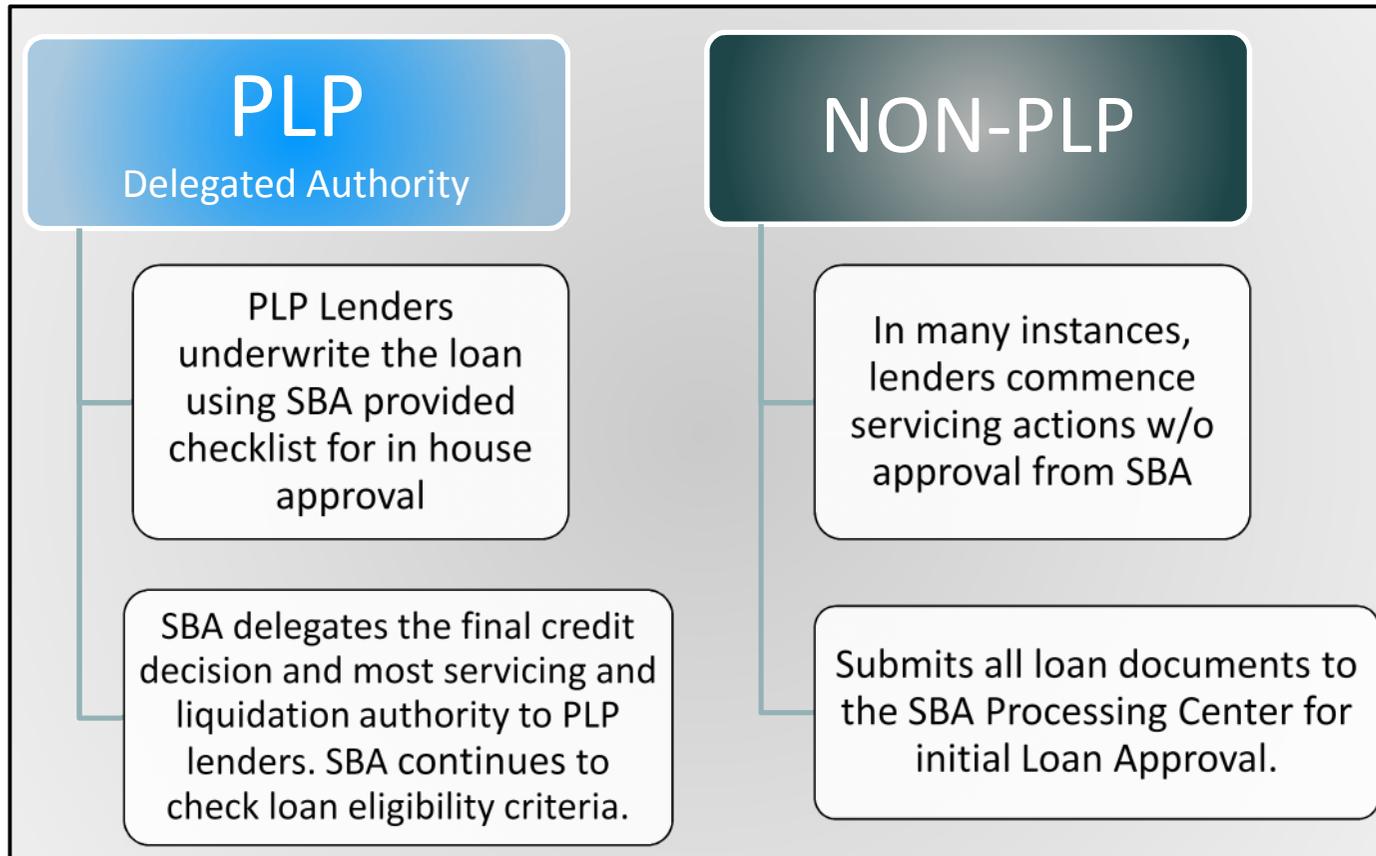
Use of Proceeds

- ✓ Start-up costs
- ✓ Expansion
- ✓ Purchase machinery, equipment & inventory
- ✓ Finance accounts receivable
- ✓ Working capital including loan fees/costs
- ✓ Leasehold improvements
- ✓ Refinance debt
- ✓ Change of ownership – purchase a business

Not An SBA Deal

- Businesses primarily engaged in lending/investment
- Apartments, investment or rental property – landlords
- Non-profit
- If Government has experienced a loss on a previous debt to the business or applicant
- Pyramid or multi level sales distribution plans
- Speculation, R&D
- A business which restricts patronage – i.e. men or women only health clubs
- A business engage primarily in gambling activities
- If an applicant is on parole or probation

PLP vs. Non-PLP



Standard Borrower Items

- ✓ Finished Business Plan
- ✓ Identified Financial Needs
- ✓ Current Financial Statements for Business & Personal
- ✓ 3 Years Business & Personal Income Tax Returns
- ✓ 1 Year Projected Income & Expense



Credit Criteria

- ✓ Is Business Realistic/Eligible
- ✓ If Refinancing Debt, does it improve the finances of the business?
- ✓ Management Ability
- ✓ Repayment Ability
- ✓ Adequate Cash Flows
- ✓ Sufficient Down Payment
- ✓ Collateral
- ✓ Acceptable Credit

*The ***business*** must be able to meet all of it's debt payments **(Not Just the SBA Portion)** when being considered for a loan*



Other Aspects of the Credit Evaluation

- Description & history of the business
- Close examination and verification of the Franchise Agreement (when applicable)
- Site visit to the business or proposed business site
- Discussion of whether business is the subject of any Federal, State, or local citations that would preclude it from normal business operations

Other Aspects of the Credit Evaluation

7(a) Risk based Lender Review

7(a) Risk Based Lender Review
File Checklist

Loan Name _____ Approved Amount \$ _____
 SBA Loan Number _____ Current Balance \$ _____
 Lender Name _____ Funding Date _____
 Approval Date _____ Gly Fee Paid Date _____
 City Fee Due Date _____ Review Date _____
 Reviewer Name _____

Check any of the following that apply to this loan

Current EPC/OC Past Due/Delinquent Franchise Liquidation Debt Refinancing Rental Property Change In Ownership

Use of Proceeds

_____ Inventory _____ Working Capital _____ Machinery/Equipment
 _____ Furniture/Fixtures _____ Purchase R/E _____ Construct R/E
 _____ Debt Refinancing _____ Leaseholds _____ Other
 _____ Other _____ Other _____ OTHER

ANY "NEEDED" RESPONSES REQUIRE NARRATIVE DESCRIPTION OF DEFICIENCY

REQUIRED	IN FILE	MISSING	ELIGIBILITY
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Business is a for-profit domestic operation
2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Size determinations were correct and analyzed according to SBA policy
3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Franchise is eligible by SBA requirements
4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Written evidence that credit is not otherwise available on reasonable terms
5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Personal resources test was appropriately applied
6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SBA Form 912 "Statement of Personal History"
7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No prior loss to the Government
8	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Principal(s) are eligible citizens or have eligible non-citizen status
9	<input type="checkbox"/>	<input type="checkbox"/>	All EPC/OC conditions have been met
10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Proceeds fund sound business purposes
11	<input type="checkbox"/>	<input type="checkbox"/>	All debt refinancing conditions have been met
12	<input type="checkbox"/>	<input type="checkbox"/>	All occupancy percentage and proceed requirements are met
13	<input type="checkbox"/>	<input type="checkbox"/>	All change of ownership eligibility guidelines have been met
14	<input type="checkbox"/>	<input type="checkbox"/>	No actual or apparent conflicts of borrower and/or lender interest exist
15	<input type="checkbox"/>	<input type="checkbox"/>	Loan meets program-specific eligibility requirements for delivery method

REQUIRED	IN FILE	MISSING	CREDIT STANDARDS, COLLATERAL AND ENVIRONMENTAL POLICIES
16	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Credit analysis was satisfactory (provide narrative as required in SOP 50-10, Chap 4.1.a.(1))
17	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Equity injection has been verified prior to disbursement through supporting documentation
18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Collateral analysis was sufficient and all additional collateral was pledged (provide worksheet)
19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All required personal and corporate guarantees were obtained
20	<input type="checkbox"/>	<input type="checkbox"/>	The appraisal and business valuation were conducted in accordance with regulations
21	<input type="checkbox"/>	<input type="checkbox"/>	The environmental policies and procedures were applied in accordance with regulations

REQUIRED	IN FILE	MISSING	LOAN AUTHORIZATION, CLOSING AND DISBURSEMENT
22	<input type="checkbox"/>	<input type="checkbox"/>	Standard Flood Insurance Policy or documentation that shows property is not located in a special flood hazard area
23	<input type="checkbox"/>	<input type="checkbox"/>	Hazard Insurance Policies (page showing insured amount and mortgagee will suffice)
24	<input type="checkbox"/>	<input type="checkbox"/>	Life Insurance Policies (pages showing insured and amount)
25	<input type="checkbox"/>	<input type="checkbox"/>	Collateral Assignment of Life Insurance Policy (acknowledged by Insurance Company)
26	<input type="checkbox"/>	<input type="checkbox"/>	IRS tax transcripts were obtained and reviewed
27	<input type="checkbox"/>	<input type="checkbox"/>	Stand-by agreements were obtained and properly executed, when applicable
28	<input type="checkbox"/>	<input type="checkbox"/>	All required SBA Forms 159, (Fee Disclosure Form and Compensation Agreement) were obtained
29	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Loan proceeds were used for the purposes defined in the Loan Authorization (Form 1050)
30	<input type="checkbox"/>	<input type="checkbox"/>	All required collateral lien positions have been adequately verified
31	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Guaranty fee paid on time (or in accordance with Recovery Act requirements)

7(a) File Checklist (version 10.01.09) 1 *QUETZ*



Guaranty Fee

SBA Guaranty Fee is based on the guaranteed portion of the loan

- **Loans < \$150,000 2.0% (lender keeps 25%)**
- **\$150,001 to \$700,000 is 3.0%**
- **\$700,001 or more is 3.5%**
- **An addition 0.25% is charged on the portion more than \$1,000,000**

Multiple loans made <90 days apart are treated as one loan for Guaranty Fee purposes

The On-going Annual Fee paid by the lender is 55 basis points



Loan Submission

Standard 7(a) & Rural Lender Advantage Loans

Approved by SBA & located at
6501 Sylvan Road, Suite 122, Citrus Heights, CA
Phone: 877-475-2435 (toll free)

E-mail questions to: 7aquestions@sba.gov

PLP, SBA *Express*, Patriot Express & Small Lender Advantage loans are
Lender approved & Submitted via E-Tran

The eligibility check lists, submission instructions & forms can be
accessed via www.sba.gov/banking



E-Tran



PLP Lenders- Origination & Servicing Non-PLP Lenders- Servicing

- Cancel undisbursed loans.
- Terminate guaranty on disbursed loans.
- Decrease undisbursed loans.
- Change the use of proceeds, which does not involve an increase to loan.
- Changes to maturity date or months on loans which have not matured.
- Change loans from revolver to term or vice versa.
- Change legal/trade name or address.
- Change project from rural to urban or vice versa.
- Change principal(s) gender, race, veteran status, citizenship

Benefits of E-Tran

- We want lenders to handle ALL unilateral servicing actions (address changes, name changes, etc.) via E-TRAN
- Through E-TRAN lenders will also have the ability to view the status of their loans post-origination (maturity date, loan payments, etc)
- Guaranty Fee calculator built into E-TRAN servicing module
- Instant turn around on loan servicing actions
- Competitive Advantage: Ability to respond in the market place and approve loan changes in an expedited manner
- Overall programming is very “user friendly” and easy to learn
- Instant validation provides comfort that there are no errors in data entry



E-Tran

U.S. Small Business Administration
SBA
Your Small Business Resource

Exit Help
Profile **Access** Choose Function Change Password

General Login System Welcome MICHELLE SERRANO. Location Not Selected Yet. Office 0992: FRESNO COMMERCIAL LOAN SERVICING CENTER

General Login System - Choose Function
Currently Available Applications

Select Access at the top of the page.

Scroll down to Electronic Lending - Servicing (E-Tran) and select the folder.

Options will appear - Select the box Update SBA Loans

Don't worry about anything but the Update SBA loans option. This will enable you to make changes to the loans in your portfolio. View SBA loans will limit the user's capabilities

More boxes will then appear, prompting you to enter a Location ID

Each office will have an individual Location ID

-Click [SEARCH for your Location ID](#)

Contact your local SBA District Office for more information



E-Tran

SBA E-Lend Servicing [Reports](#) [Search](#) [Exit](#) [Help](#)
[Chron](#) [GuarantyFee](#) [WhatIf](#) [History](#) [Origination](#) [LANA](#) [CLCS](#) [GPTS](#) [ELIPS](#)

REXBURG ID Amount **\$640,000** Status **Disbursed Current** Loan [REDACTED] Funded **02/03/2006**

7a General
Expand | Collapse

- Loan Info
- Use of Proceeds
- 1502 Info
- Lender Comments
- Project Info
- UCC Filing
- Borrowers
 - [REDACTED]
 - Principals
 - [REDACTED]
- Guarantors
- Associates
- Business Financials
- Federal Records
- LAS Information

SBA Guaranty Percentage 75.000

Interest Type Fixed Variable

Base Rate Source Wall Street Journal Prime Rate

Base Rate 7.250 %

Spread Over Prime 1.250 %

Initial Interest Rate 8.500 %

Adjustment Period & Description Monthly

Submitted Date 02/03/2006

Entry Start Date: 01/31/2006

Loan Term 180 months

Maturity Date 02/28/2021

Disbursement Deadline Date

Date of First Disbursement 02/28/2006



E-Tran Sign Up



Help

*Delegated loan program lenders **must use** SBA Express, PLP, Patriot Express, Export Express and Small Loan Advantage*

You have successfully logged out. To return to any page in this system, you must log in again.

General Login System

- [Forgot User ID?](#)
- [Forgot Password?](#)
- [Instructions for GLS](#)
- [Request SBA User ID](#)
- [Contact SBA Security](#)

To request a User ID and Password, enabling you to view and/or update your SBA loan, login to [GLS](#) and...

Select Request User ID on the left hand side of the [GLS](#) homepage
https://eweb.sba.gov/gls/dsp_login.cfm

SBA Account Login

User ID:

Password:



The Lender Matrix

SBA Servicing and Liquidation Actions
7(a) Lender Matrix

Please see Footnotes at end of document. All lender actions must comply with SBA loan program requirements.

	Use E-TRAN	Unilateral Actions Notify SBA?		Requires prior SBA Approval	Form 2237 ¹¹
		Yes	No		
Approved Loans Prior to Initial Disbursement - See SOP 59.19.5, Subpart B					
Increase loan amount or SBA's guaranty percentage				X	X
Decrease loan amount	X	X			X
Change initial disbursement date		X			
Change maturity date	X	X			X
Change interest rate ¹		Not permitted			
Other changes to loan authorization, including changes to use of proceeds:					
Loan submitted and approved under delegated authority ⁷			X		
Loan approved by the Standard 7(a) Loan Guaranty Processing Center				X	
Change EIN or SSN		X			
Change borrower's address or legal/trade name of business	X	X			X
Cancel loan	X	X			X
Actions after Initial Disbursement - Loans in Servicing or Liquidation Status					
<i>See SOP 59.59, SOP 54.51 and 13 CFR 126.535 and 120.536</i>					
Increase loan amount or SBA's guaranty percentage				X	
Confer preference ⁸ on lender or engage in activity that creates conflict of interest				X	
Release borrower or guarantor				X	
Compromise principal balance owed ⁹				X	
Assumption of loan with release of original borrower / guarantor				X	
Take title to any property in the name of SBA				X	
Take title to environmentally contaminated property, or take over operation and control of a business that handles hazardous substances or hazardous wastes				X	
Emergency purchase from secondary market				X	
Determination of involuntary prepayment / subsidy recoupment fee				X	
Reinstatement of SBA guaranty				X	
Extraordinary servicing fee per 13 CFR 120.221(b)				X	
Transfer or sell more than 99% of a loan				X	
Transfer or sell 90% or less of a loan		X			
Decrease loan amount or SBA's guaranty percentage		X			X
Extend final disbursement date		X			X
Cancellation of SBA guaranty before guaranty purchase	X	X			
Extend maturity (action done prior to stated maturity) ^{1, 10}	X	X			X
Reamortize / restructure loan ⁶		X			
Change interest rate within loan program guidelines ^{1, 10}		X			
Change EIN or SSN		X			
Change borrower's address or legal/trade name of business	X	X			X
Transfer loan into liquidation status		X			
Return loan to regular servicing status		X			
Change a loan to PIP status	X	X			
Assumption of loan without release of original borrower / guarantor		X			
Change loan from revolving to non-revolving	X	X			

Version 8.0/16/10
*Please check the EBA Website for the most up to date version.

Guide tailored to address common loan issues



Exporting

SBA Regional Export Finance Manager

Martin Selander
International Trade Specialist
U. S. Export Assistance Center
2303 Martin Court #315
Irvine CA 92612
(949) 660-8935

Serving Southern California,
Nevada, and Hawaii

Additional information available on line

www.sba.gov/oit

Including copies of all required application forms and detailed program information



U.S. Small Business Administration

SBA ONLINE CLASSROOM: GROWING A BUSINESS

Counseling & Training

[Small Business Development Centers](#): SBDCs provide management assistance to current and prospective small business owners. SBDC services include financial counseling, marketing advice and management guidance. Some SBDCs provide specialized assistance with information technology, exporting or manufacturing. SBDCs are partnerships primarily between the government and colleges, administered by SBA.

[SCORE Mentors](#): Sponsored by SBA, SCORE provides free and confidential counseling, mentoring and advice to small business via a network of business executives, leaders and volunteers.

[Women's Business Centers](#): WBCs provides business training and counseling with the unique needs of women entrepreneurs in mind. WBCs are a national network of nearly 100 educational centers designed to support women who want to start and grow small businesses.



Counseling & Training (Cont.)

[Veteran's Business Outreach Centers](#): VBOCs provide veterans with entrepreneurial development services such as business training, counseling and mentoring.

[Minority Business Development Agency](#): MBDA advisors help minority business owners gain access to capital, contracts, market research and general business consulting.

[Trade Associations](#):

[Mentoring for Government Contractors](#):

[Import and Export Assistance](#):

Additional federal counseling programs can be found on:

www.sba.gov



Experience the New SBA.gov!

Answers, Support, and Resources for Your Small Business - Fast and Easy.

Start with SBA Direct ▶

1 2 3 4



Featured Tasks

Most Visited

Top Rated

- ▶ Get a Small Business Loan...
- ▶ Register Your Business...
- ▶ Apply for HUBZone Status...
- ▶ Apply for 8(a) Certification...
- ▶ Apply for a Surety Bond...
- ▶ Apply for a Disaster Loan...
- ▶ Find Exporting Opportunities...



SBA Direct The answers you need start here.

SBA Direct gives you information and services based on your unique business needs

- ▶ **Find** local resources.
- ▶ **Explore** your programs and services.
- ▶ **Achieve** your business goals.



Read the SBA Blog



Read the latest articles from the SBA, including agency news, tips to help you start and run your business, and more

Disaster Recovery Loans



Learn about and apply for SBA Disaster Loans for homeowners, renters, businesses of all sizes and private, nonprofit organizations

What's New

- ▶ **Tax Credits for Small Businesses**
Tax cuts signed into law over the past two years are helping small businesses grow and create jobs.
- ▶ **SBA Loan Queue**
Learn about the status of your loan in the SBA Loan Queue
- ▶ **Women-Owned Small Business Contracting Program**
Learn about SBA's new government contracting program launching in early 2011.
- ▶ **Commerce, SBA Launch Online Exporting Tool**
'Six Steps to Exporting Success' helps small business begin exporting.

Aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns.



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www.sba.gov/for-lenders

The screenshot displays the SBA.gov website interface for lenders. At the top, there are navigation links for 'Share' and 'Translate', and social media icons for 'Connect With Us'. The SBA logo and 'U.S. Small Business Administration' are on the left. A search bar is located in the top right. Below the header is a main navigation menu with categories: 'Starting & Managing a Business', 'Loans & Grants', 'Contracting', 'Counseling & Training', 'SBA Direct', and 'For Lenders'. Under 'For Lenders', there are sub-menus: 'Lending Steps', 'Loan Programs', 'New to SBA Lending?', 'SBA Loan Centers', and 'Lender Reports & Data'. The main content area features a 'Welcome Lenders! (Beta)' message, a 'Find Forms, SOPs, Notices And More' section with a search tool, a 'Find a SBA Resource...' section with dropdowns for 'Loan Centers' and 'District Offices', and a 'Submit Your Forms...' section. On the right, there are sidebars for 'About This Redesign...', 'Subscribe to E-mail Updates for New Forms and Content', 'SBA Loan Rates' (listing rates for Feb. 2012 and Jan-Mar 2012), '100 Most Active SBA 7(a) Lenders', and 'Weekly Lending Report'. At the bottom, there are sections for 'The Lending LifeCycle' and 'Working With The SBA'.



www.sba.gov/lenders

- miscellaneous program Guides
- ▶ Find a SBA Resource
- ▶ Submit Your Forms
- Search SBA Lenders
- ▶ Secondary Market
- ▶ Lender Reports & Data
- ▶ FAQs

Subscribe to 
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for New Forms and Content

Looking for a ... ?

Additional Search Criteria:

Lending Stage:

<Any>

Title/Keywords:

Type of Loan:

Standard 7(a)/CLP

Search for Documents

Clear Search Fields

Search Results:

Number	Title/Name Right-click to download file. Hover for description.	Lending Stage	Last Updated	Effective Date	Expiration Date
	7(a) / SBAExpress Servicing Action Checklist (Servicing Action Checklist.pdf)	Servicing	03/02/2012		
	Reverse PIF (Reverse_PIF.pdf)	Servicing	03/02/2012		
	Request for Loan Reinstatement (bank_reinstatementform.doc)		03/02/2012		10/26/2013
	Transfer of Participation Agreement (bank_csc_transfer.doc)		03/02/2012		10/26/2013
	7(a) Eligibility Questionnaire (7aLGPC_EligibilityQuestionnaireVersion50105_D_20111122.pdf)		03/02/2012		01/01/2014
	7(a) / SBAExpress Servicing Action Supporting Schedule (Servicing Action Supporting Schedule.pdf)	Servicing	03/02/2012		
	Servicing and Liquidation Actions 7(a) Lender Matrix (Matrix_Post_Approval-Servicing-Liquidation_version_8_-_8-16-10.pdf)	Servicing	03/01/2012		12/12/2013
912	Statement of Personal History (tools_sbf_finasst912.pdf)		02/29/2012		02/28/2013
81-93	FEMA Form 81-93: Standard Flood Hazard Determination (bank_sfhd.pdf)	Closing	02/29/2012		10/31/2008
722	SBA FORM 722 (10-02) (forms_mis772.pdf)	Closing	02/29/2012		10/14/2011
601	Agreement of Compliance (tools_sbic601.pdf)	Closing	02/29/2012		12/12/2013
413	Personal Financial Statement (SBA 413.pdf)		02/29/2012		09/30/2014



Questions ?



Proposed Upcoming Changes:

Great news for Borrowers/ lenders of SBA guaranteed loans

- Greater access to capital/ less paperwork
- Streamlining the SBA application process
- Strengthening oversight/integrity of the agency's loan programs.

Among The Changes:

- ***Eliminating the Personal Resource Test:*** A borrower will no longer be required to obtain a maximum level of personal finance resources for a 7(a) or 504 loan. This will streamline the loan process by eliminating complicated regulations used to determine the amount of collateral required.
- ***Revising the Rule on Affiliation:*** Revising this rule will open access to SBA loans to businesses that, under current rules, would not qualify as a small business under SBA's size standards by virtue of their association with other companies. It also would streamline 504 loan applications and reduce paperwork requirements for 504 and 7(a) loan applications.
- ***Eliminating the Nine-Month Rule for the 504 Loan Program:*** Eliminating the Nine-Month rule removes a restriction that limits a business to include in its 504 project only expenses incurred nine months prior to submitting the loan application. The new rule would allow inclusion of expenses incurred at any time (e.g., projects put on hold for more than nine months due to a natural disaster).



More Info Available Online:

- For comprehensive information on the new rules and their benefits, visit <http://www.sba.gov/content/revised-oca-regulations-504-and-7a-loan-program>

U.S. Small Business Administration

Use Every Resource Available!

Walter Stamps

Lender Relations
U.S. Small Business Administration
Los Angeles District Office
330 North Brand Blvd., Suite 1200
Glendale, CA 91203
(818) 552-3201 phone
walter.stamps@sba.gov

Email: LADOLenderRelations@sba.gov

Webpage: www.sba.gov/ca/la

Helping Small Businesses - Start, Grow and Succeed



Thank you!!

