



U.S. Small Business  
Administration

# Capital: 2019 Updates

## Loan fee reductions

Who's eligible	Program	Loan Amount	Borrower Fees	Lender fees	SBA Guarantee Amt
<b>Rural &amp; HUBZone borrowers</b>	<b>7(a)</b>	\$150,000 and less	<b>.6667%</b> of guaranteed amount (otherwise 2%)	<b>0</b>	<b>85%</b>
<b>Veterans, transitioning svc members, reserve, nat'l guard, current spouse or widow</b>	<b>Express</b>	\$350,000 and less	None	.55%	50%

**Lending goals: Increase rural/HUBZone lending by 5%**

# Capital: 2019 Updates

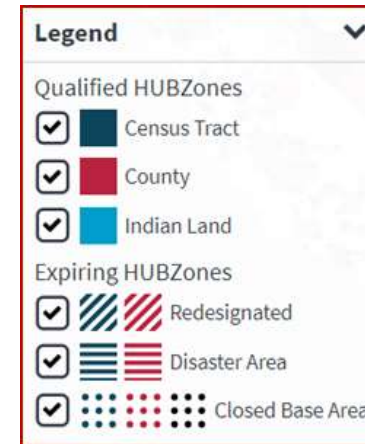
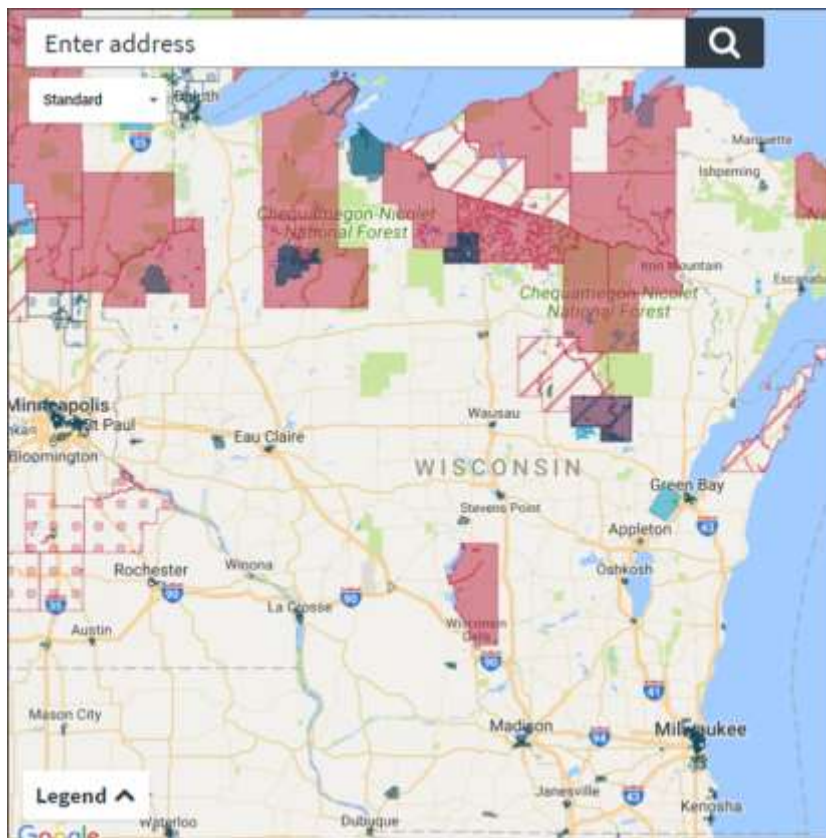
## Loan fee reductions

### Eligible Rural Counties

Adams	Fond du Lac	Marathon	Sauk
Ashland	Forest	Marinette	Sawyer
Barron	Grant	Marquette	Shawano
Bayfield	Green	Menominee	Taylor
Buffalo	Green Lake	Monroe	Trempealeau
Burnett	Iowa	Oconto	Vernon
Chippewa	Iron	Oneida	Vilas
Clark	Jackson	Pepin	Walworth
Columbia	Jefferson	Pierce	Washburn
Crawford	Juneau	Polk	Washington
Dodge	Kewaunee	Portage	Waupaca
Door	Lafayette	Price	Waushara
Douglas	Langlade	Richland	Wood
Dunn	Lincoln	Rusk	
Florence	Manitowoc	St. Croix	

# Contracting

## HUBZones throughout Wisconsin



Indian/tribal lands; parts of Milwaukee, Waukesha, Kenosha, Racine, Madison, Green Bay, Stevens Point, other communities throughout the state

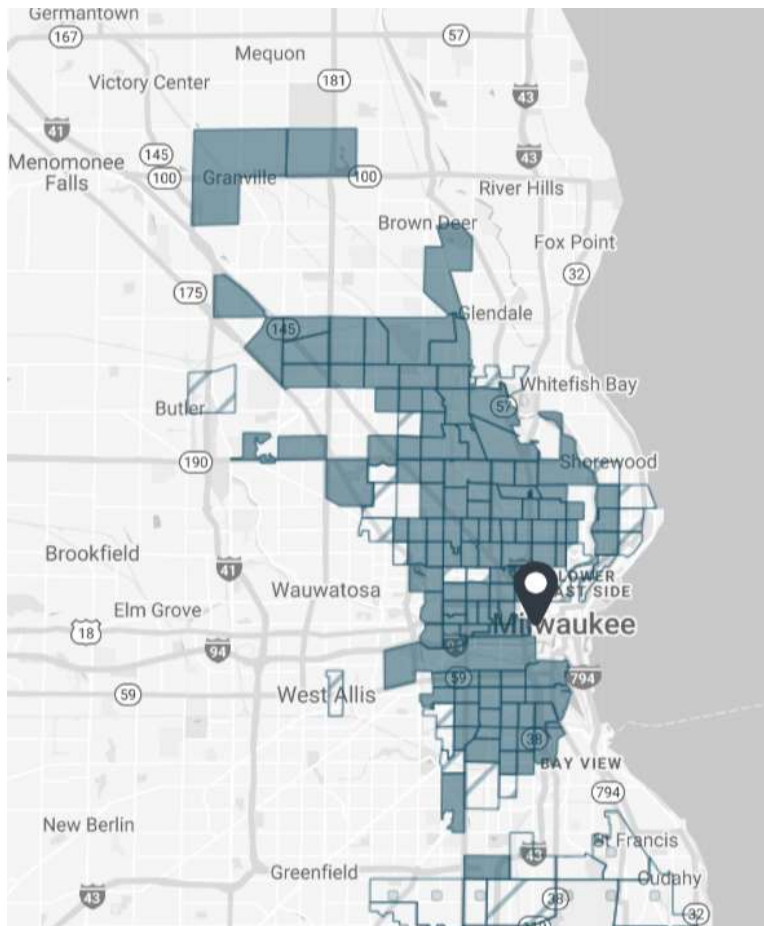
[www.sba.gov/hubzone](http://www.sba.gov/hubzone)

NEW mapping tool as of 6/2017

# Capital: 2019 Updates

## Loan fee reductions

### Milwaukee HUBZone



Most urban areas have HUBZones: Milwaukee, Madison, Racine, Kenosha, Green Bay, Eau Claire, La Crosse, others throughout the state

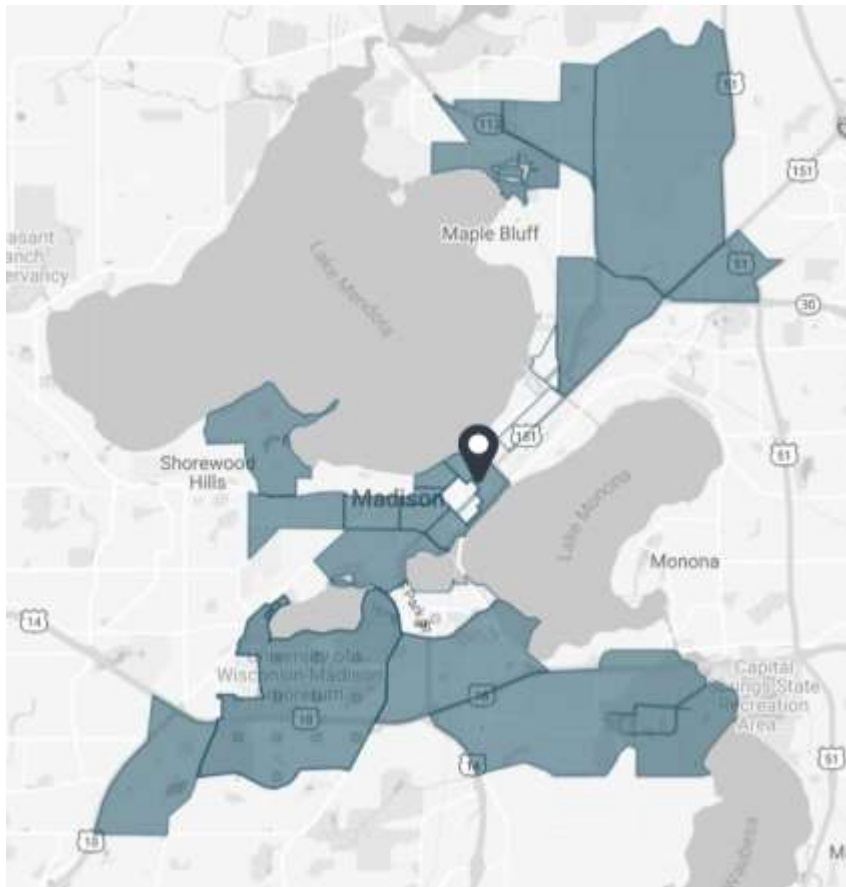
To determine if business is in a HUBZone, enter the address at the mapping tool:

[www.sba.gov/hubzone](http://www.sba.gov/hubzone)

# Capital: 2019 Updates

## Loan fee reductions

### Madison HUBZone



Most urban areas have HUBZones: Milwaukee, Madison, Racine, Kenosha, Green Bay, Eau Claire, La Crosse, others throughout the state

To determine if business is in a HUBZone, enter the address at the mapping tool:

[www.sba.gov/hubzone](http://www.sba.gov/hubzone)

# Capital: 7(a) loans

## Overview

### SBA's primary loan program



Maximum loan: \$5 million

Guarantees: 85% <\$150,000; 75% > \$150,000

#### Maturities

5 – 10 years: working capital, machinery, equipment

Up to 25 years for real estate, construction

\$15 million tangible net worth; \$5 million net profits

# Case Study-Rural/HUBZone Fee Reduction

Rural or HUBZone business borrows \$150,000 using SBA's 7(a) loan program. Borrower fee is .6667% (vs 2%)

2% fee on 85% guaranteed portion of \$150,000 loan  
= \$2550

.6667% fee on 85% guaranteed portion of  
\$150,000 loan = \$850

HUBZone/Rural borrower would save  
\$1700 in fees



# Case Study

**Construction business with \$2,000,000 of leased equipment vs. SBA financed equipment purchase**

## Lease terms

**3 years**

**Monthly Payment \$62,500**

**Yearly Payment \$750,000**

## SBA Loan terms

**\$2,000,000**

**7 Year Amortization**

**Monthly Payments \$30,185**

**Yearly Payments \$362,220**

**Yearly Cashflow w/Loan +\$387,780**

# Need a Line of Credit \$350,000

## Express Loan

- Under one year- fees 0.25%
- If veteran, no upfront fees
- 50% guaranty
- 6 month revolving with 6 month payout
- Lender makes credit decision
- Rate up to Prime + 4.5%

## Express Loans

- Fee would be 3%
- 50% guaranty
- Revolving (5 yr revolving, 5 yr term out)
- Lender makes credit decision
- Rate up to Prime + 4.5%

# Working Capital \$150,000

## Express

- Under one year-fee 0.25%
- >1 year-0.667% if Rural or HubZone, Vet. 0%; if not 2%
- 50% guaranty
- Could be revolving for 5 years depending on loan term
- Lender makes credit decisions
- Rate up to Prime + 4.5%

## 7(a) loan

- Fee 0.667% if rural or HUBZone, Vet. 0%; if not 2%
- 85% guaranty
- Up to 10 year term
- Credit Scored of business credit
- Rate Prime + 2.75%

# Need a Line of Credit \$500,000

## Contract Line of Credit

- Under one year fee's 0.25%
- 75% guaranty
- Line for a specific contract not revolving
- Credit looking at the company's ability to perform that contract

## Working Capital Line (CAPLine)

- Fee would be 3%
- 75% guaranty
- Revolving up to 10 years
- Looking at businesses credit

# Capital: 7(a) loans

## CAPLines of Credit

**Contract Loan Program**-materials/labor/overhead for specific contracts.

**Seasonal Line of Credit Program**-support inventory buildup/ accounts receivable/labor/materials above normal.

**Builders Line Program**-construction or rehabilitation of residential or commercial property.

**Working Capital Line**-revolving line of credit for working capital.

Maximum loan amount: \$5,000,000

Maximum guaranty: 75%-85%

Uses: revolving line of credit/term loan

Guaranty fees: vary with amount/type of loan



# Capital: 7(a) loans

## Express Loans

50% Guarantee

Up to \$350,000



*Includes Lines of Credit*

Lender makes credit decision

Up-front guaranty fees waived for vets

# Capital: 7(a) loans

## Community Advantage

Community based, mission-focused CDFIs, CDCs, and Micro-lenders

**Maximum Loan Size:** \$250,000

**Guarantee:** 85% up to \$150,000; 75% for more.

**Approval Times:** 5-10 days

**Paperwork:** Two-page application for borrowers

**Lender Requirements:** Maintain 60% of portfolio in underserved markets

**Time Frame:** 3 Year Pilot; extended to 3/31/2020

# Capital: Community Advantage

Community based, mission-focused CDFIs, CDCs, & Micro-lenders

Wisconsin Women's Business Initiative Corporation

Milwaukee Economic Development Corporation



Legacy Redevelopment Corporation

WBD Advantage

LISC Chicago

FY2015	60 loans	\$6 million
FY2016	48 loans	\$.4.8 million
FY2017	44 loans	\$5.7 million

**FY2018:**

**36 loans/\$3.8 million**



# Capital: 504 Loans

504/Certified Development Company

Maximum: \$5 MM (\$5.5 MM for manufacturing, energy savings)

Financing:

CDC (w/SBA guarantee) finances 40%

Lender (bank) finances 50%

Equity (borrower) finances 10-20%

Uses: long-term fixed assets

Maturity: 10-20 years, **25 year debenture announced 2018**

Interest: fixed rate established when debenture backing sold;  
some exceptions

# Capital: Micro-loans

## Terms

Max amount: \$50,000

Rate: negotiated by borrower/intermediary

No guarantee

Maturity: up to 6 years

Uses: purchase equipment, fixtures, working capital, leasehold improvements; increased receivables

# Capital: Micro-lenders

- **Advocap**, Fond du Lac and Oshkosh
- **First American Capital Corp.**, West Allis (American Indian Chamber)
- **Impact Seven, Inc.**, Almena (statewide)
- **Entrepreneur Fund**, Serving Douglas County
- **WI Women's Business Initiative Corp.**, Milwaukee, Racine, Kenosha & Madison (statewide)
- **CAP Services**, Stevens Point
- **Northwest Regional Planning Commission**, Spooner

# Capital: Micro-lending

**FY2015: 94 loans/\$2.1 million/41 startups**

**FY2016: 129 loans/\$2.8 million/67 startups**

**FY2017: 100 loans/\$2.1 million /56 startups**

**FY2018: 126/\$2.4 million/68startups**

# Capital: Lending

Wisconsin 7(a) and 504 lending  
FY2018

**1427 loans guaranteed**  
**\$626.1 million**

7(a): 1277/\$510.1 million

504: 150/\$116 million

**925 startups/\$389 million (60% of loans made)**

Loans to veterans: 69/\$23.1 million

Loans to women: 256/\$76.3 million

# Capital: FY2018 Lending Industries

INDUSTRY	\$\$\$	###
<b>Grand Total</b>	<b>\$ 626,054,600</b>	<b>1,427</b>
Manufacturing	\$ 141,739,300	
Accommodation and Food Services	\$ 90,307,100	200
Retail Trade	\$ 80,219,800	179
Construction	\$ 39,460,200	159
Other Services (except Public Administration)	\$ 39,867,800	127
Health Care and Social Assistance	\$ 49,150,500	114
Administrative and Support and Waste Management and Remediation Services	\$ 17,801,500	84
Professional, Scientific, and Technical Services	\$ 24,908,800	79
Transportation and Warehousing	\$ 29,193,000	77
Arts, Entertainment, and Recreation	\$ 24,209,100	53
Wholesale Trade	\$ 20,863,800	39
Real Estate and Rental and Leasing	\$ 38,697,100	38
Educational Services	\$ 8,825,600	23
Finance and Insurance	\$ 5,269,300	17
Agriculture, Forestry, Fishing and Information	\$ 3,721,500	
	\$ 2,026,100	
Enterprises	\$ 2,075,100	5
Mining	\$ 5,669,000	3
Utilities	\$ 2,050,000	2

# Capital: Lending

**Wisconsin 7(a) and 504 lending  
FY2019 as of 2/8/19  
(limited information available)**

**441 loans guaranteed  
\$206.6 million**

**7(a): 384/\$154.6 million**

**504: 57/\$51.9 million**

# LenderMatch



Online tool connects prospective borrowers with lenders; Successor to LINC

- Prospective borrower answers 10 questions
- Lenders will respond within 48 hours if any interest; 800+ participating
- To apply: look for LenderMatch at [www.sba.gov](http://www.sba.gov)



# Surety Bonds

- **Bid Bond:** Guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bonds if awarded the contract.
- **Payment Bond:** Guarantees that suppliers and subcontractors will be paid for work performed under the contract.
- **Performance Bond:** Guarantees that the contractor will perform the contract in accordance with its terms and conditions.\*  
(\*The term Final Bond means Payment Bond, Performance Bond or both Payment and Performance Bond.)

# Surety Bonds

- National Defense Authorization Act
- Surety Bonds are raised from \$2 million to \$6.5 million
- For Federal Contracts with the contracting office stating a need, the limit is raised to \$10 million.
- **Guarantee raised to 90% on November 25, 2016.**

# Contracting: Eligibility

## Sample Size Standards

NAICS Industry Sector	Standard
Manufacturing	500 employees
Wholesale Trade	100 employees
Agriculture	\$750,000
Retail Trade	\$7 million
General & Heavy Construction	\$33.5 million
Dredging	\$20 million
Special Trade Contractors	\$14 million
Travel Agencies	\$3.5 million
Business and personal services	\$7 million
Architectural, Engineering, Surveying, Mapping Services	\$4.5 million
Temporary staffing services	\$13.5 million

Updates to selected industry size standards:

- Manufacturing
- Wholesale Trade
- Retail Trade
- Program specific size standards adjusted for inflation

\*As directed by the Jobs Act

# Wisconsin SBA Contacts

TOPIC	NAME	TITLE	PHONE	EMAIL
Small Business Assistance	Tammie Clendenning	Lead Economic Development Specialist	414-297-1093	Tammie.clendenning@sba.gov
	Eric Ness	District Director	414-297-1471	Eric.ness@sba.gov
Awards nominations and questions	Shirah Apple	Public Affairs Specialist	414-841-7013	Rachel.apple@sba.gov