

NATIONAL
SPRING 2012



U.S. Small Business Administration

SMALL BUSINESS RESOURCE



Building on SBA's
Record Year
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IF IT'S NEW, IT'S IN

NORTH PORT

University of South
Florida Campus

Elementary, Middle
and Imagine Schools

Early Childhood
Education Programs

City Hall, Police
and Fire Stations

Golf Courses, Parks, YMCA,
Health Center and Paw Park

Cocoplum
Village Shops

Gulf Coast Medical
Walk-In/Urgent
Care Center

Sarasota
Memorial
Hospital

Business owners looking for the right mix of incentives, skilled work force and quality of life are looking in North Port, Florida. Local government and residents welcome business and industry with impact fee reductions, tax exemptions and streamlined permitting. North Port is centrally located between Tampa and Fort Myers on I-75 with easy access to Port of Manatee and we are just an hour's drive from international airports in Tampa, Sarasota and Fort Myers.

Come visit North Port and experience the many family amenities we offer including the largest warm mineral spring in the world. Our community has a youthful positive mindset, and we have the incentives, location, workforce, natural environment and quality of life you're looking for.



Achieve Anything...in North Port

www.CityofNorthPort.com

Call Economic Development at 1-8NORTHPORT

North Port
FLORIDA

FROM THE ADMINISTRATOR



2011 was a record year for the SBA. We helped over 60,000 small businesses secure over \$30 billion in lending through our flagship 7(a) and 504 programs – an all-time record. We also worked with private-sector partners to drive a record

amount of capital (\$2.8 billion) into the hands of over 1,000 high-growth businesses through Small Business Investment Companies.

As we entered 2012, the President signed a six-year extension of the Small Business Innovation Research program which supports small R&D companies that drive innovation and game-changing technologies to keep America on the cutting edge. We also continue to streamline the paperwork on SBA loans in order to help more lending partners and their small-business customers.

You can check out all of these programs in this guide. Also, be sure to take a look at all of the SBA's 2011 accomplishments in the last few pages.

As our economy continues to strengthen in 2012, the Obama Administration is focused on making sure that entrepreneurs and small business owners have the tools they need to grow and create jobs. After all, half of working Americans either own or work for a small business, and two of every three new jobs are created by small businesses.

Finally, check out our online tools. For example, at www.sba.gov/direct you can type in your zip code and a few details about your business, and you'll immediately get connected to SBA resources in your local area.

America's small businesses are gearing up to lead our nation's economic recovery and create the jobs we need now. Please feel free to contact your local SBA office if you have any questions. We stand ready to help in whatever way we can.

Sincerely,

A handwritten signature in black ink that reads "Karen G. Mills". The signature is written in a cursive, flowing style.

Karen G. Mills
Administrator
Small Business Administration

About the SBA

www.sba.gov

Your Small Business Resource

Every year, the U.S. Small Business Administration and its nationwide network of partners help millions of potential and current small business owners start, grow and succeed.

Resources and programs targeting small businesses provide an advantage necessary to help small businesses compete effectively in the marketplace and strengthen the overall U.S. economy.

SBA offers help in the following areas:

- *Counseling*
- *Capital*

- *Contracting*
- *Disaster Assistance*
- *Advocacy and the Ombudsman*

Visit SBA online at www.sba.gov for 24/7 access to small business news, information and training for entrepreneurs.

All SBA programs and services are provided on a nondiscriminatory basis.

COUNSELING

Getting Help to Start Up, Market and Manage Your Business



- Matching your specific needs with a business mentor
- Traveling to your place of business for an on-site evaluation
- Teaming with several SCORE mentors to provide you with tailored assistance in a number of business areas

Across the country, SCORE offers nearly 7,000 local business training workshops and seminars ranging in topic and scope depending on the needs of the local business community such as offering an introduction to the fundamentals of a business plan, managing cash flow and marketing your business. For established businesses, SCORE offers more in-depth training in areas like customer service, hiring practices and home-based businesses.

For around-the-clock business advice and information on the latest trends go to the SCORE website (www.score.org). More than 1,500 online mentors with over 800 business skill sets answer your questions about starting and running a business. In fiscal year 2011, SCORE mentors served 400,000 entrepreneurs.

For information on SCORE and to get your own business mentor, visit www.sba.gov/score, go to www.SCORE.org or call 1-800-624-0245 for the SCORE office nearest you.

SMALL BUSINESS DEVELOPMENT CENTERS

The U.S. Small Business Administration's Small Business Development Center (SBDC) program's mission is to build, sustain, and promote small business development and enhance local economies by creating businesses and jobs. This is accomplished by the provision and ensuing oversight of grants to colleges, universities and state governments so that they may provide business advice

Every year, the U.S. Small Business Administration and its nationwide network of resource partners help millions of potential and existing small business owners start, grow and succeed.

Whether your target market is global or just your neighborhood, the SBA and its resource partners can help at every stage of turning your entrepreneurial dream into a thriving business.

If you're just starting out, the SBA and its resources can help you with loans and business management skills. If you're already in business, you can use the SBA's resources to help manage and expand your business, obtain government contracts, recover from disaster, find foreign markets, and make your voice heard in the federal government.

You can access SBA information at www.sba.gov or visit one of our local offices for assistance.

SBA'S RESOURCE PARTNERS

In addition to our district offices which serve every state and territory, SBA works with a variety of local resource partners to meet your small business needs. These professionals can help with writing a formal business plan, locating sources of financial assistance, managing and expanding your business, finding opportunities to sell your goods or services to the government, and recovering from disaster. To find your local district office or SBA resource partner, visit www.sba.gov/sba-direct.

SCORE

SCORE is a national network of over 14,000 entrepreneurs, business leaders and executives who volunteer as mentors to America's small businesses. SCORE leverages decades of experience from seasoned business professionals to help small businesses start, grow companies and create jobs in local communities. SCORE does this by harnessing the passion and knowledge of individuals who have owned and managed their own businesses and want to share this "real world" expertise with you.

Found in more than 370 offices and 800 locations throughout the country, SCORE provides key services – both face-to-face and online – to busy entrepreneurs who are just getting started or in need of a seasoned business professional as a sounding board for their existing business. As members of your community, SCORE mentors understand local business licensing rules, economic conditions and important networks. SCORE can help you as they have done for more than 9 million clients by:

ON THE UPSIDE

It's true, there are a lot of reasons not to start your own business. But for the right person, the advantages of business ownership far outweigh the risks.

- You get to be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- Earnings and growth potential are unlimited.
- Running a business will provide endless variety, challenge and opportunities to learn.

Center program, vital to SBA's entrepreneurial outreach, has been providing service to small businesses for more than 30 years. It is one of the largest professional small business management and technical assistance networks in the nation. With over 900 locations across the country, SBDCs offer free one-on-one expert business advice and low-cost training by qualified small business professionals to existing and future entrepreneurs.

In addition to its core services, the SBDC program offers special focus areas such as, green business technology, disaster recovery and preparedness, international trade assistance, veteran's assistance, technology transfer and regulatory compliance.

The program combines a unique mix of federal, state and private sector resources to provide, in every state and territory, the foundation for the economic growth of small businesses. The return on investment is demonstrated by the program during 2011:

- Assisted more than 13,660 entrepreneurs to start new businesses – equating to 37 new business starts per day.
- Provided counseling services to over 106,000 emerging entrepreneurs and nearly 100,000 existing businesses.
- Provided training services to approximately 353,000 clients.

The efficacy of the SBDC program has been validated by a nationwide impact study. Of the clients surveyed, more than 80 percent reported that the business assistance they received from the SBDC counselor was worthwhile. Similarly, more than 50 percent reported that SBDC guidance was beneficial in making the decision to start a business. More than 40 percent of long-term clients, those receiving 5 hours or more of counseling, reported an increase in sales and 38 percent reported an increase in profit margins.

For information on the SBDC program, visit www.sba.gov/sbdc.

WOMEN'S BUSINESS CENTERS

The SBA's Women Business Center (WBC) program is a network of 110 community-based centers which provide business training, coaching, mentoring and other assistance geared toward women, particularly those who are socially and economically disadvantaged. WBCs are located in nearly every state and U.S. territory and are partially funded through a cooperative agreement with the SBA.

To meet the needs of women entrepreneurs, WBCs offer services at convenient times and locations,

including evenings and weekends. WBCs are located within non-profit host organizations that offer a wide variety of services in addition to the services provided by the WBC. Many of the WBCs also offer training and counseling and provide materials in different languages in order to meet the diverse needs of the communities they serve.

WBCs often deliver their services through long-term training or group counseling, both of which have shown to be effective. WBC training courses are often free or are offered at a small fee. Some centers will also offer scholarships based on the client's needs.

While most WBCs are physically located in one designated location, a number of WBCs also provide courses and counseling via the Internet, mobile classrooms and satellite locations.

WBCs have a track record of success. In fiscal year 2011, the WBC program counseled and trained nearly 139,000 clients, creating local economic growth and vitality. In addition, WBCs helped entrepreneurs access more than \$134 million dollars in capital, representing a 400% increase from the previous year. Of the WBC clients that have received 3 or more hours of counseling, 15 percent indicated that the services led to hiring new staff, 34 percent indicated that the services led to an increased profit margin, and 47 percent indicated that the services led to an increase in sales.

In addition, the WBC program has taken a lead in preparing women business owners to apply for the Women-Owned Small Business (WOSB) Federal Contract program that authorizes contracting officers to set aside certain federal contracts for eligible women-owned small businesses or economically disadvantaged women-owned small businesses. For more information on the program, visit www.sba.gov/wosb.

To find the nearest SBA WBC, visit www.sba.gov/women.

EMERGING LEADERS (e200) INITIATIVE

SBA's Emerging Leaders (e200) Initiative is currently hosted in 27 markets across the country using a nationally demonstrated research-based curriculum that supports the growth and development of small to medium-sized firms that have substantial potential for expansion and community impact. A competitive selection process results in company executives participating in high-level training and peer-networking sessions led by professional instructors.

Post-training, social and economic impact results from responding executives who participated in the 2008 – 2010 training classes indicate:

- More than half of participating businesses reported an increase in revenue, with an average revenue of \$1,879,266.
- Participating businesses averaged \$2 million in revenue, with new cumulative financing of \$7.2 million secured in 2010.
- Nearly half of the participants secured federal, state, local and tribal contracts with a cumulative total of \$287 million.
- Approximately half of the participants have hired new workers, creating 275 new jobs in 2010.
- All participants were trained on becoming SBA 8(a) certified firms; nearly 25 percent of respondents are currently certified as SBA 8(a) firms, while other participants reported a focused intention on applying to the 8(a) program.
- Nearly 50 percent of participating respondents were female executives and 70 percent were minority business executives.
- 85 percent of responding executives were Satisfied or Very Satisfied with the overall training series and results.

To find out more about this executive-level training opportunity, please visit www.sba.gov/e200 for host cities, training schedules, and selection criteria.

SBA'S ONLINE TOOLS AND TRAINING

SBA's Small Business Training Network is a virtual campus complete with free online courses, workshops, podcasts, learning tools and business-readiness assessments.

Key Features of the Small Business Training Network:

Training is available anytime and anywhere — all you need is a computer with Internet access.

- More than 30 free online courses and workshops available.
- Templates and samples to get your business planning underway.
- Online, interactive assessment tools are featured and used to direct clients to appropriate training.

Course topics include a financial primer keyed around SBA's loan-guarantee programs, a course on exporting, and courses for veterans and women seeking federal contracting opportunities, as well as an online library of podcasts, business publications, templates and articles.

Visit www.sba.gov/training for these free resources.

REACHING UNDERSERVED COMMUNITIES

SBA also offers a number of programs specifically designed to meet the needs of the underserved communities.

WOMEN BUSINESS OWNERS

Women entrepreneurs are changing the face of America's economy. In the 1970s, women owned less than five percent of the nation's businesses.

Today, they are majority owners of about a third of the nation's small businesses and are at least equal owners of about half of all small businesses. SBA serves women entrepreneurs nationwide through its various programs and services, some of which are designed especially for women.

The SBA's Office of Women's Business Ownership (OWBO) serves as an advocate for women-owned businesses. OWBO oversees a nationwide network of 110 women's business centers that provide business training, counseling and mentoring geared specifically to women, especially those who are socially and economically disadvantaged. The program is a public-private partnership with locally-based nonprofits.

Women's Business Centers serve a wide variety of geographic areas, population densities, and economic environments, including urban, suburban, and rural. Local economies vary from depressed to thriving, and range from metropolitan areas to entire states. Each Women's Business Center tailors its services to the needs of its individual community, but all offer a variety of innovative programs, often including courses in different languages. They provide training in finance, management, and marketing, as well as access to all of the SBA's financial and procurement assistance programs.

CENTER FOR FAITH-BASED AND NEIGHBORHOOD PARTNERSHIPS

Faith-Based and Neighborhood Partnerships know their communities, and they have earned the communities trust. Because of their credibility, they are uniquely positioned to build awareness of programs that encourage entrepreneurship, economic growth and job creation.

SBA is committed to reaching out to faith-based and community organizations that are eligible to participate in the agency's programs by informing their congregants, members and neighbors about SBA's programs. In particular, many faith-based and community non-profit organizations can provide a local financing option for entrepreneurs by becoming SBA Microloan Intermediaries. An SBA Microloan Intermediary often acts as a bank for entrepreneurs and small businesses that might otherwise be unable to find access to capital.

VETERANS AND RESERVISTS BUSINESS DEVELOPMENT

Veterans, service-disabled veterans and Reserve and National Guard member entrepreneurs receive special consideration in all of SBA's entrepreneurial programs and resources. Each year, the Office of Veterans Business Development (OVBD) reaches thousands of veterans, Reserve Component members, transitioning service members and others who are – or who want to become – entrepreneurs and small business owners. OVBD develops and distributes informational materials for entrepreneurship such as the Veterans Business Resource Guide, VETGazette, and Getting Veterans Back to Work. In addition, there are 16 Veterans Business Outreach Centers strategically located throughout the country that provide both online and in-person training, counseling, mentoring, workshops, referrals, and more. Each of the SBA's 68 District Offices also has a designated veteran's business development officer.

The SBA offers special assistance for small businesses owned by activated Reserve and National Guard members. Any self-employed Reserve or Guard member with an existing SBA loan can request from their SBA lender or SBA district office loan payment deferrals, interest rate reductions and other relief after they receive their activation orders. In addition, the SBA offers special low-interest-rate financing to small businesses when an owner or essential

employee is called to active duty. The Military Reservist Economic Injury Disaster Loan Program (MREIDL) provides loans up to \$2 million to eligible small businesses to cover operating costs that cannot be met due to the loss of an essential employee called to active duty in the Reserves or National Guard.

Among the SBA's unique services for veterans are: an Entrepreneurship Boot Camp for Veterans with Disabilities in partnership with 6 top U.S. universities (www.whitman.syr.edu/ebv), a program to reach women veteran-entrepreneurs (www.syr.edu/vwise), and a program for Reserve Component family members called Operation Endure and Grow (www.whitman.syr.edu/endureandgrow).

For more information about small business lending programs for veteran business owners and Reserve or Guard members who are activated, including Patriot Express, microloans, and Advantage loans, see the section on Access to Capital. To learn more about the Veterans Business Outreach program or find the nearest SBA VBOC, visit www.sba.gov/vets.

NATIVE AMERICAN BUSINESS DEVELOPMENT

The SBA Office of Native American Affairs (ONAA) ensures American Indians, Alaska Natives and Native Hawaiians seeking to create, develop and expand small businesses have full access to the necessary business development and expansion tools available through the agency's entrepreneurial development, lending, and contracting programs. ONAA provides a network of training (including the online tool "Small Business Primer: Strategies for Growth") and counseling services and engages in numerous outreach activities, such as tribal consultations, development and distribution of educational materials, attendance and participation in economic development events and assisting these small businesses with SBA programs.

Visit www.sba.gov/naa for more information.

Most new business owners who succeed have planned for every phase of their success. Thomas Edison, the great American inventor, once said, “Genius is 1 percent inspiration and 99 percent perspiration.” That same philosophy also applies to starting a business.

First, you’ll need to generate a little bit of perspiration deciding whether you’re the right type of person to start your own business.

IS ENTREPRENEURSHIP FOR YOU?

There is simply no way to eliminate all the risks associated with starting a small business, but you can improve your chances of success with good planning, preparation, and insight. Start by evaluating your strengths and weaknesses as a potential owner and manager of a small business. Carefully consider each of the following questions:

- **Are you a self-starter?** It will be entirely up to you to develop projects, organize your time, and follow through on details.
- **How well do you get along with different personalities?** Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers, employees, and professionals such as lawyers, accountants, or consultants. Can you deal with a demanding client, an unreliable vendor, or a cranky receptionist if your business interests demand it?
- **How good are you at making decisions?** Small business owners are required to make decisions constantly – often quickly, independently, and under pressure.
- **Do you have the physical and emotional stamina to run a business?** Business ownership can be exciting, but it’s also a lot of work. Can you face six or seven 12-hour workdays every week?
- **How well do you plan and organize?** Research indicates that poor planning is responsible for most business failures. Good organization — of financials, inventory, schedules, and production — can help you avoid many pitfalls.
- **Is your drive strong enough?** Running a business can wear you down emotionally. Some business owners burn out quickly from having to carry all the responsibility for the success of their business on their

own shoulders. Strong motivation will help you survive slowdowns and periods of burnout.

- **How will the business affect your family?** The first few years of business start-up can be hard on family life. It’s important for family members to know what to expect and for you to be able to trust that they will support you during this time. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk.

Once you’ve answered those questions, you should consider what type of business you want to start. Businesses can include franchises, at-home businesses, online businesses, brick-and-mortar stores or any combination of those.

FRANCHISING

There are more than 3,000 business franchises. The challenge is to decide on one that both interests you and is a good investment. Many franchising experts suggest that you comparison shop by looking at multiple franchise opportunities before deciding on the one that’s right for you.

Some of the things you should look at when evaluating a franchise: historical profitability, effective financial management and other controls, a good image, integrity and commitment, and a successful industry.

In the simplest form of franchising, while you own the business, its operation is governed by the terms of the franchise agreement. For many, this is the chief benefit for franchising. You are able to capitalize on a business format, trade name, trademark and/or support system provided by the franchisor. But you operate as an independent contractor with the ability to make a profit or sustain a loss commensurate with your ownership.

If you are concerned about starting an independent business venture, then franchising may be an option for you. Remember that hard work, dedication and sacrifice are key elements in the success of any business venture, including a franchise.

Visit www.sba.gov/franchise for more information.

HOME-BASED BUSINESSES

Going to work used to mean traveling from home to a plant, store or office. Today, many people do some or all their work at home.

Getting Started

Before diving headfirst into a home-based business, you must know why you are doing it. To succeed, your business must be based on something greater than a desire to be your own boss. You must plan and make improvements and adjustments along the road.

Working under the same roof where your family lives may not prove to be as easy as it seems. One suggestion is to set up a separate office in your home to create a professional environment.

Ask yourself these questions:

- Can I switch from home responsibilities to business work easily?
- Do I have the self-discipline to maintain schedules while at home?
- Can I deal with the isolation of working from home?

Legal Requirements

A home-based business is subject to many of the same laws and regulations affecting other businesses.

Some general areas include:

- **Zoning regulations.** If your business operates in violation of them, you could be fined or shut down.
- **Product restrictions.** Certain products cannot be produced in the home. Most states outlaw home production of fireworks, drugs, poisons, explosives, sanitary or medical products and toys. Some states also prohibit home-based businesses from making food, drink or clothing.

Be sure to consult an attorney and your local and state departments of state, labor and health to find out which laws and regulations will affect your business. Additionally, check on registration and accounting requirements needed to open your home-based business. You may need a work certificate or license from the state. Your business name may need to be registered with the state. A separate business telephone and bank account are good business practices.

Also remember, if you have employees you are responsible for withholding income and social-security taxes, and for complying with minimum wage and employee health and safety laws.

After you've thought about what type of business you want, the next step is to develop a business plan. Think of the business plan as a roadmap with milestones for the business. It begins as a pre-assessment tool to determine profitability and market share, then expands as an in-business assessment tool to determine success, obtain financing and determine repayment ability, among other factors.

Creating a comprehensive business plan can be a long process, and you need good advice. The SBA and its resource partners, including Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers, and SCORE, have the expertise to help you craft a winning business plan. SBA also offers online templates to get you started.

In general, a good business plan contains:

Introduction

- Give a detailed description of the business and its goals.
- Discuss ownership of the business and its legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over competitors.



Marketing

- Discuss the products and services your company will offer.
- Identify customer demand for your products and services.
- Identify your market, its size and locations.
- Explain how your products and services will be advertised and marketed.
- Explain your pricing strategy.

Financial Management

- Develop an expected return on investment and monthly cash flow for the first year.

- Provide projected income statements, and balance sheets for a two-year period.
- Discuss your break-even point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide "what if" statements addressing alternative approaches to potential problems.

Operations

- Explain how the business will be managed day-to-day.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements, and issues pertinent to your business.
- Account for the equipment necessary to produce your goods or services.
- Account for production and delivery of products and services.

Concluding Statement

Summarize your business goals and objectives and express your commitment to the success of your business. Once you have completed your business plan, review it with a friend or business associate and professional business counselor like SCORE, WBC or SBDC representatives, SBA district office business development specialists or veterans business development specialists.

Remember, the business plan is a flexible document that should change as your business grows.



CAPITAL

Financing Options to Start or Grow Your Business



Many entrepreneurs need financial resources to start or expand a small business themselves and must combine what they have with other sources of financing. These sources can include family and friends, venture-capital financing, and business loans.

This section of the Small Business Resource guide discusses SBA's primary business loan and equity financing programs. These are: the 7(a) Loan Program, the Certified Development Company or 504 Loan Program, the Microloan Program and the Small Business Investment Company Program. The distinguishing features for these programs are the total dollar amounts that can be borrowed, the type of lenders who can provide these loans, the uses for the loan proceeds, and the terms placed on the borrower.

Note: The SBA does not offer grants to individual business owners to start or grow a business.

SBA BUSINESS LOANS

If you are contemplating a business loan, familiarize yourself with the SBA's business loan programs to see if they may be a viable option. Keep in mind the dollar amount you seek to borrow and how you want to use the loan proceeds. The three principal players in most of these programs are

the applicant small business, the lender and the SBA. SBA guarantees a portion of the loan (except for Microloans). The business should have its business plan prepared before it applies for a loan. This plan should explain what resources will be needed to accomplish the desired business purpose including the associated costs, the applicants' contribution, use of loan proceeds, collateral, and, most important, an explanation of how the business will be able to repay the loan in a timely manner.

The lender will analyze the application to see if it meets the lender's criteria and SBA's requirements. SBA will look to the lender to do much, if not all, of the analysis before it provides its guaranty on the lender's loan. In the case of microlenders, SBA loans these intermediaries funds at favorable rates to re-lend to businesses with financing needs up to \$50,000. The SBA's business loan programs provide a key source of financing for viable small businesses that have real potential but cannot qualify for long-term, stable financing.

7(a) LOAN PROGRAM

The 7(a) Loan program is the SBA's primary business loan program. It is the agency's most frequently used non-disaster financial assistance

program because of its flexibility in loan structure, variety of loan proceeds, and availability. The program has broad eligibility requirements and credit criteria to accommodate a wide range of financing needs.

The business loans that SBA guarantees do not come from the agency, but rather from banks and other approved lenders. The loans are funded by these organizations, and they make the decisions to approve or not approve the applicants' requests.

The SBA guaranty reduces the lender's risk of borrower non-payment. If the borrower defaults, the lender can request SBA to pay the lender that percentage of the outstanding balance guaranteed by SBA. This allows the lender to recover a portion from SBA of what it lent if the borrower can't make the payments. The borrower is still obligated for the full amount.

To qualify for an SBA loan, a small business must meet the lender's criteria and the 7(a) requirements. In addition, the lender must certify that it would not provide this loan under the proposed terms and conditions unless it can obtain an SBA guaranty. If the SBA is going to provide a lender with a guaranty, the applicant must be eligible and creditworthy and the loan structured under conditions acceptable to SBA.

Percentage of Guaranties and Loan Maximums

The SBA only guarantees a portion of any particular loan so each loan will also have an unguaranteed portion, giving the lender a certain amount of exposure and risk on each loan. The percentage SBA guarantees depends on either the dollar amount or the program the lender uses to obtain its guaranty. For loans of \$150,000 or less the SBA may guaranty as much as 85 percent and for loans over \$150,000 the SBA can provide a guaranty of up to 75 percent.

The maximum 7(a) loan amount is \$5 million. (Loans made under the SBAExpress program, which is discussed later in this section, have a 50 percent guaranty.)

Interest Rates and Fees

The actual interest rate for a 7(a) loan guaranteed by SBA is negotiated between the applicant and lender and

subject to SBA maximums. Both fixed and variable interest rate structures are available. The maximum rate is comprised of two parts, a base rate and an allowable spread. There are three acceptable base rates (Wall Street Journal Prime*, London Interbank One Month Prime plus 3 percent, and an SBA Peg Rate). Lenders are allowed to add an additional spread to the base rate to arrive at the final rate. For loans with maturities of less than seven years, the maximum spread will be no more than 2.25 percent. For loans with maturities of seven years or more, the maximum spread will be 2.75 percent. The spread on loans under \$50,000 and loans processed through Express procedures may be higher.

Loans guaranteed by SBA are assessed a guaranty fee. This fee is based on the loan's maturity and the dollar amount guaranteed, not the total loan amount. The guaranty fee is initially paid by the lender and then passed on to the borrower at closing. The funds to reimburse the lender can be included in the loan proceeds.

On any loan with a maturity of one year or less, the fee is just 0.25 percent of the guaranteed portion of the loan.

On loans with maturities of more than one year, the normal guaranty fee is 2 percent of the SBA guaranteed portion on loans up to \$150,000; 3 percent on loans over \$150,000 but not more than \$700,000; and 3.5 percent on loans over \$700,000. There is also an additional fee of 0.25 percent on any guaranteed portion over \$1 million.

*** All references to the prime rate refer to the base rate in effect on the first business day of the month the loan application is received by SBA.**

7(a) Loan Maturities

SBA loan programs are generally intended to encourage longer term small business financing, but actual loan maturities are based on the ability to repay, the purpose of the loan proceeds and the useful life of the assets financed. However, maximum loan maturities have been established: 25 years for real estate; up to 10 years for equipment (depending on the useful life of the equipment); and generally up to seven years for working capital. Short-term loans and revolving lines of credit are also available through the SBA to help small businesses meet their short-term and cyclical working capital needs.

Structure

Most 7(a) loans are repaid with monthly payments of principal and interest. For fixed-rate loans the payments stay the same, whereas for variable rate loans the lender can re-establish the payment amount when the interest rates change or at other intervals, as negotiated with the borrower. Applicants can request that the lender establish the loan with interest-only payments during the start-up and expansion phases (when eligible) to allow the business time to generate income before it starts making full loan payments. Balloon payments or call provisions are not allowed on any 7(a) loan. The lender may not charge a prepayment penalty if the loan is paid off before maturity, but the SBA will charge the borrower a prepayment fee if the loan has a maturity of 15 or more years and is pre-paid during the first three years.

Collateral

The SBA expects every 7(a) loan to be fully secured, but the SBA will not decline a request to guaranty a loan if the only unfavorable factor is insufficient collateral, provided all available collateral is offered. What these two



America's
Small Business
Development
Centers

salute America's
small business
owners and aspiring
entrepreneurs



ASBDC is proud to co-sponsor Small Business Week 2012

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What To Take To The Lender

Documentation requirements may vary; contact your lender for the information you must supply.

Common requirements include the following:

- Purpose of the loan
- History of the business
- Financial statements for three years (existing businesses)
- Schedule of term debts (existing businesses)
- Aging of accounts receivable and payable (existing businesses)
- Projected opening-day balance sheet (new businesses)
- Lease details
- Amount of investment in the business by the owner(s)
- Projections of income, expenses and cash flow as well as an explanation of the assumptions used to develop these projections
- Personal financial statements on the principal owners
- Resume(s) of the principal owners and managers.

How the 7(a) Program Works

Applicants submit their loan application to a lender for the initial review. The lender will generally review the credit merits of the request before deciding if they will make the loan themselves or if they will need an SBA guaranty. If a guaranty is needed, the lender will also review eligibility. The applicant should be prepared to complete some additional documents before the lender sends the request for guaranty to the SBA. Applicants who feel they need more help with the process should contact their local SBA district office or one of SBA's resource partners for assistance.

There are several ways a lender can apply for a 7(a) guaranty from SBA. The main differences between these methods are related to the documentation which the lender provides, the amount of review which SBA conducts, the amount of the loan and the lender responsibilities in case the loan defaults and the business' assets must be liquidated. The methods are:

- Standard 7(a) Guaranty
- Certified Lender Program
- Preferred Lender Program
- Rural Lender Advantage
- SBA *Express*
- Patriot Express
- Export Express
- Small Loan Advantage
- Community Advantage

For the Standard, Certified and Preferred methods, the applicant fills out SBA Form 4, and the lender completes SBA Form 4-1. When requests for guarantees are processed using Express or Advantage methods, the applicant uses more of the regular forms of the lender and just has a few federal forms to complete. When SBA receives a request that is processed through Standard or Certified Lender Program procedures, it either reanalyzes or reviews the lender's eligibility and credit analysis before deciding to approve or reject. For requests processed through Preferred Lender Program or Express programs, the lender is delegated the authority to make the credit decision without SBA's concurrences, which helps expedite the processing time.

In guaranteeing the loan, the SBA assures the lender that, in the event the borrower does not repay the loan, the government will reimburse the lending institution for a portion of its loss. By providing this guaranty, the SBA is able to help tens of thousands of small businesses every year get financing they might not otherwise obtain.

After SBA approval, the lender is notified that its loan has been guaranteed. The lender then will work with the applicant to make sure the terms and conditions are met before closing the loan, disbursing the funds, and assuming responsibility for collection and general servicing. The borrower makes monthly loan payments directly to the lender. As with any loan, the borrower is responsible for repaying the full amount of the loan in a timely manner.

What the SBA Looks for:

- Ability to repay the loan on time from the projected operating cash flow;
- Owners and operators who are of good character;
- Feasible business plan;
- Management expertise and commitment necessary for success;
- Sufficient funds, including the SBA guaranteed loan, to operate the business on a sound financial basis (for new businesses, this includes the resources to meet start-up expenses and the initial operating phase);
- Adequate equity invested in the business; and
- Sufficient collateral to secure the loan or all available collateral if the loan cannot be fully secured.

policies mean is that every SBA loan is to be secured by all available assets (both business and personal) until the recovery value equals the loan amount or until all assets have been pledged to the extent that they are reasonably available. Personal guaranties are required from all the principal owners of the business. Liens on personal assets of the principals may be required.

Eligibility

7(a) loan eligibility is based on four different factors. The first is size, as all loan recipients must be classified as "small" by SBA. The basic size standards are outlined below. A more in-depth listing of standards can be found at

www.sba.gov/size.

SBA Size Standards have the following general ranges:

- Manufacturing — from 500 to 1,500 employees
- Wholesale Trades — Up to 100 employees
- Services — \$2 million to \$35.5 million in average annual receipts
- Retail Trades — \$7 million to \$35.5 million in average annual receipts
- Construction — \$7 million to \$33.5 million in average annual receipts
- Agriculture, Forestry, Fishing, and Hunting — \$750,000 to \$17.5 million in average annual receipts

There is an alternate size standard for businesses that do not qualify under their industry size standards for SBA funding – tangible net worth (\$15 million or less) and average net income (\$5 million or less for two years). This new alternate makes more businesses eligible for SBA loans and applies to SBA non-disaster loan programs, namely its 7(a) Business Loans and Development Company programs.

Nature of Business

The second eligibility factor is based on the nature of the business and the process by which it generates income or the customers it serves. The SBA has general prohibitions against providing financial assistance to businesses involved in such activities as lending, speculating, passive investment, pyramid sales, loan packaging, presenting live performances of a prurient sexual nature, businesses involved in gambling and any illegal activity.

The SBA also cannot loan guaranties to non-profit businesses, private clubs that limit membership on a basis other than capacity, businesses that promote a religion, businesses owned by individuals incarcerated or on probation or parole, municipalities, and situations where the business or its owners previously failed to repay a federal loan or federally assisted financing.

Use of Proceeds

The third eligibility factor is use of proceeds. 7(a) proceeds can be used to: purchase machinery; equipment; fixtures; supplies; make leasehold improvements; as well as land and/or buildings that will be occupied by the business borrower.

Proceeds can also be used to:

- Expand or renovate facilities;
- Acquire machinery, equipment, furniture, fixtures and leasehold improvements;
- Finance receivables and augment working capital;
- Finance seasonal lines of credit;
- Acquire businesses;
- Start up businesses;
- Construct commercial buildings; and
- Refinance existing debt under certain conditions.

SBA 7(a) loan proceeds cannot be used for the purpose of making investments. SBA proceeds cannot be used to provide funds to any of the owners of the business except for ordinary compensation for actual services provided.

Miscellaneous Factors

The fourth factor involves a variety of requirements such as SBA's credit elsewhere test and utilization of personal assets requirements, where the business and its principal owners must use their own resources before getting a loan guaranteed by SBA. It also includes SBA's anti-discrimination rules and limitations on lending to agricultural enterprises because there are other agencies of the federal government with programs to fund such businesses. Generally, SBA loans must meet the following criteria:

- Every loan must be for a sound business purpose;
- There must be sufficient invested equity in the business so it can operate on a sound financial basis;
- There must be a potential for long-term success;
- The owners must be of good character and reputation; and
- All loans must be so sound as to reasonably assure repayment.

For more information, go to

www.sba.gov/apply.

SPECIAL PURPOSE 7(a) LOAN PROGRAMS

The 7(a) program is the most flexible of SBA's lending programs. The agency has created several variations to the basic 7(a) program to address the particular financing need of certain small businesses. These special purpose programs are not necessarily for all businesses but may be very useful to some small businesses. They are generally governed by the same rules,

regulations, fees, interest rates, etc. as the regular 7(a) loan guaranty. Lenders can advise you of any variations.

SBAExpress

The SBAExpress guaranty is available to lenders as a way to obtain a guaranty on smaller loans up to \$350,000. The program authorizes selected, experienced lenders to use mostly their own forms, analysis and procedures to process, service and liquidate SBA-guaranteed loans. The SBA guarantees up to 50 percent of an SBAExpress loan. Loans under \$25,000 do not require collateral. The use of loan proceeds is the same as for any basic 7(a) loan. Like most 7(a) loans, maturities are usually five to seven years for working capital and up to 25 years for real estate or equipment. Revolving lines of credit are allowed for a maximum of seven years.

Patriot Express and Other Lending Programs For Veterans

The Patriot Express pilot loan initiative is for veterans and members of the military community wanting to establish or expand a small business. Eligible military community members include:

- Veterans;
- Service-disabled veterans;
- Active-duty servicemembers eligible for the military's Transition Assistance Program;
- Reservists and National Guard members;
- Current spouses of any of the above, including any servicemember;
- The widowed spouse of a servicemember or veteran who died during service or of a service-connected disability.

The Patriot Express loan is offered by SBA's nationwide network of private lenders and features the fastest turnaround time for loan approvals. Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of 85 percent for loans of \$150,000 or less and 75 percent for loans over \$150,000 up to \$500,000. For loans above \$350,000, lenders are required to either obtain all collateral or enough collateral so the value is equal to the loan amount, whichever comes first.

The Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, and inventory or business-occupied real-estate purchases.

Patriot Express loans feature SBA's lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over prime depending upon the size

and maturity of the loan. Your local SBA district office will have a listing of Patriot Express lenders in your area. More information is available at www.sba.gov/patriotexpress.

Self-employed Reserve or Guard members with an existing SBA loan can request from their SBA lender or SBA district office, loan payment deferrals, interest rate reductions and other relief after they receive their activation orders. The SBA also offers special low-interest-rate financing of up to \$2 million when an owner or essential employee is called to active duty through the Military Reservist Economic Injury Disaster Loan program (MREIDL) to help cover operating costs due to the loss of an essential employee called to active duty.

Rural Lender Advantage

The Small/Rural Lender Advantage (SRLA) initiative is designed to accommodate the unique loan processing needs of small community/rural-based lenders by simplifying and streamlining loan application process and procedures, particularly for smaller SBA loans. It is part of a broader SBA initiative to promote the economic development of local communities, particularly those facing the challenges of population loss, economic dislocation, and high unemployment. Visit www.sba.gov/content/rural-business-loans for more information.

Advantage Loans

In early 2011, SBA rolled out two Advantage loan initiatives aimed at helping entrepreneurs and small business owners in underserved communities gain access to capital. Both offer a streamlined loan application process and the regular 7(a) loan guarantee for loans under \$250,000.

The **Small Loan Advantage** program is available to lenders participating in the Preferred Lenders Program. SBA lenders who are not participating in the Preferred Lenders Program can contact their local district office to apply.

The **Community Advantage pilot program** opens up 7(a) lending to mission-focused, community-based lenders – such as Community Development Financial Institutions (CDFIs), Certified Development Companies (CDCs), and microlenders – who provide technical assistance and economic development support in underserved markets.

More information on both programs is available at www.sba.gov/advantage.

CAPLines

The CAPLines program is designed to help small businesses meet their short-term and cyclical working capital needs. The programs can be used to finance seasonal working capital needs; finance the direct costs of performing certain construction, service and supply contracts, subcontracts, or purchase orders; finance the direct cost associated with commercial and residential construction; or provide general working capital lines of credit. SBA provides up to an 85 percent guarantee. There are four distinct loan programs under the CAPLine umbrella:

- **The Contract Loan Program** is used to finance the cost associated with contracts, subcontracts, or purchase orders. Proceeds can be disbursed before the work begins. If used for one contract or subcontract, it is generally not revolving; if used for more than one contract or subcontract at a time, it can be revolving. The loan maturity is usually based on the length of the contract, but no more than ten years. Contract payments are generally sent directly to the lender but alternative structures are available.
- **The Seasonal Line of Credit Program** is used to support buildup of inventory, accounts receivable or labor and materials above normal usage for seasonal inventory. The business must have been in business for a period of 12 months and must have a definite established seasonal pattern. The loan may be used over again after a "clean-up" period of 30 days to finance activity for a new season. These also may have a maturity of up to five years. The business may not have another seasonal line of credit outstanding but may have other lines for non-seasonal working capital needs.
- **The Builders Line Program** provides financing for small contractors or developers to construct or rehabilitate residential or commercial property. Loan maturity is generally three years but can be extended up to five years, if necessary, to facilitate sale of the property. Proceeds are used solely for direct expenses of acquisition, immediate construction and/or significant rehabilitation of the residential or commercial structures. The purchase of the land can be included if it does not exceed 20 percent of the loan proceeds. Up to 5 percent of the proceeds can be used for physical improvements that benefit the property.
- **The Working Capital Line** is a revolving line of credit (up to \$5,000,000) that provides short term working capital. These lines are generally used by businesses that provide credit to their customers. Disbursements are generally based on the size of a borrower's

accounts receivable and/or inventory. Repayment comes from the collection of accounts receivable or sale of inventory. The specific structure is negotiated with the lender. There may be extra servicing and monitoring of the collateral for which the lender can charge up to two percent annually to the borrower.

International Trade Loan Program

The SBA's International Trade Loan (ITL) provides small businesses with enhanced export financing options for their export transactions. It is designed to help small businesses enter and expand into international markets and, when adversely affected by import competition, make the investments necessary to better compete. The ITL offers a combination of fixed asset, working capital financing and debt refinancing with the SBA's maximum guaranty--- 90 percent --- on the total loan amount. The maximum loan amount is \$5 million in total financing.

Guaranty Coverage

The SBA can guaranty up to 90 percent of an ITL up to a maximum of \$4.5 million, less the amount of the guaranteed portion of other SBA loans outstanding to the borrower. The maximum guaranty for any working capital component of an ITL is \$4 million. Additionally, any other working capital SBA loans the borrower has are counted against the \$4 million guaranty limit.

Use of Proceeds

- For the facilities and equipment portion of the loan, proceeds may be used to acquire, construct, renovate, modernize, improve or expand facilities or equipment in the U.S. to produce goods or services involved in international trade.
- Working capital is an allowable use of proceeds under the ITL.
- Proceeds may be used for the refinancing of debt structured with unreasonable terms and conditions, including any debt that qualifies for refinancing under the standard SBA 7(a) Loan Program.

Loan Term

- Maturities on the working capital portion of the ITL are typically limited to 10 years.
- Maturities of up to 10 years on equipment unless the useful life exceeds 10 years.
- Maturities of up to 25 years are available for real estate.
- Loans with a mixed use of fixed-asset and working-capital financing will have a blended-average maturity.

Interest Rates

Lenders may charge between 2.25 to 2.75 percent above the prime rate (as published in the Wall Street Journal) depending upon the maturity of the loan. Interest rates on loans of \$50,000 and less can be slightly higher.

Exporter Eligibility

- Applicants must meet the same eligibility requirements as for the SBA's standard 7(a) Loan Program.
- Applicants must also establish that the loan will allow the business to expand or develop an export market or, demonstrate that the business has been adversely affected by import competition and that the ITL will allow the business to improve its competitive position.

Foreign Buyer Eligibility

Foreign buyers must be located in those countries wherein the Export-Import Bank of the U.S. is not prohibited from providing financial assistance.

Collateral Requirements

- Only collateral located in the U.S. (including its territories and possessions) is acceptable.
- First lien on property or equipment financed by the ITL or on other assets of the business is required. However, an ITL can be secured by a second lien position if the SBA determines there is adequate assurance of loan payment.
- Additional collateral, including personal guaranties and those assets not financed with ITL proceeds, may be appropriate.



How to Apply

- A small business seeking an ITL must apply to an SBA-participating lender. The lender will submit a completed Application for Business Loan (SBA Form 4), including all exhibits, to the SBA. Visit www.sba.gov to find your local SBA district office for a list of participating lenders.
- A small business exporter wanting to qualify as adversely impacted from import competition must submit supporting documentation that explains that impact, and a plan with projections that explains how the loan will improve the business' competitive position.

Export Express

SBA Export Express offers flexibility and ease of use to both borrowers and lenders. It is the simplest export loan product offered by the SBA and allows participating lenders to use their own forms, procedures and analyses. The SBA provides the lender with a response within 36 hours.

This loan is subject to the same loan processing, closing, servicing and liquidation requirements as well as the same maturity terms, interest rates and applicable fees as for other SBA loans (except as noted below).

Guaranty Coverage

The SBA provides lenders with a 90 percent guaranty on loans up to \$350,000 and a 75 percent guaranty on loans more than \$350,000 up to the maximum of \$500,000.

Use of Proceeds

Loan proceeds may be used for business purposes that will enhance a company's export development. Export Express can take the form of a term loan or a revolving line of credit. As an example, proceeds can be used to fund participation in a foreign trade show, finance standby letters of credit, translate product literature for use in foreign markets, finance specific export orders, as well as to finance expansions, equipment purchases, and inventory or real estate acquisitions, etc.

Ineligible Use of Proceeds

Proceeds may not be used to finance overseas operations other than those strictly associated with the marketing and/or distribution of products/services exported from the U.S.

Exporter Eligibility

Any business that has been in operation, although not necessarily in exporting, for at least 12 full months and

can demonstrate that the loan proceeds will support its export activity is eligible for Export Express.

Foreign Buyer Eligibility

The exporter's foreign buyer must be a creditworthy entity and the methods of payment must be acceptable to the SBA and the SBA lender.

How to Apply

Interested businesses should contact their existing lender to determine if they are an SBA Express lender. Lenders that participate in SBA's Express program are also able to make Export Express loans. Application is made directly to the lender. Lenders use their own application material in addition to SBA's Borrower Information Form. Lenders' approved requests are then submitted with a limited amount of eligibility information to SBA's National Loan Processing Center for review.

Export Working Capital Program

The SBA's Export Working Capital Program (EWCP) assists lenders in meeting the needs of exporters seeking short-term export working capital. Exporters can apply for EWCP loans in advance of finalizing an export sale or contract. With an approved EWCP loan in place, exporters have greater flexibility in negotiating export payment terms — secure in the assurance that adequate financing will be in place when the export order is won.

Benefits of the EWCP

- Financing for suppliers, inventory or production of export goods.
- Export working capital during long payment cycles.
- Financing for stand-by letters of credit used as bid or performance bonds or down payment guarantees.
- Reserves domestic working capital for the company's sales within the U.S.
- Permits increased global competitiveness by allowing the exporter to extend more liberal sales terms.
- Increases sales prospects in under-developed markets which have high capital costs for importers.
- Low fees and quick processing times.

Guaranty Coverage

- Maximum loan amount is \$5,000,000.
- 90 percent of principal and accrued interest up to 120 days.
- Low guaranty fee of one-quarter of one percent of the guaranteed portion for loans with maturities of 12 months or less.
- Loan maturities are generally for 12 months or less.

Use of Proceeds

- To pay for the manufacturing costs of goods for export.
- To purchase goods or services for export.
- To support standby letters of credit to act as bid or performance bonds.
- To finance foreign accounts receivable.

Interest Rates

The SBA does not establish or subsidize interest rates on loans. The interest rate can be fixed or variable and is negotiated between the borrower and the participating lender.

Advance Rates

- Up to 90 percent on purchase orders.
- Up to 90 percent on documentary letters of credit.
- Up to 90 percent on foreign accounts receivable.
- Up to 75 percent on eligible foreign inventory located within the U.S.
- In all cases, not to exceed the exporter's costs.

Collateral Requirements

The export-related inventory and the receivables generated by the export sales financed with EWCP funds will be considered adequate collateral. The SBA requires the personal guarantee of owners with 20 percent or more ownership.

How to apply

Application is made directly to SBA-participating lenders. Businesses are encouraged to contact SBA staff at their local U.S. Export Assistance Center (USEAC) to discuss whether they are eligible for the EWCP and whether it is the appropriate tool to meet their export financing needs. Participating lenders review/approve the application and submit the request to SBA staff at the local USEAC.

U.S. Export Assistance Center

There are 20 U.S. Export Assistance Centers located throughout the U.S. They are staffed by SBA, U.S. Department of Commerce and Export-Import Bank of the U.S. personnel, and provide trade promotion and export-finance assistance in a single location. The USEACs also work closely with other federal, state and local international trade organizations to provide assistance to small businesses. To find your nearest USEAC, visit: www.sba.gov/content/us-export-assistance-centers. You can find additional export training and counseling opportunities by contacting your local SBA office.



CERTIFIED DEVELOPMENT COMPANY LOAN PROGRAM (504 LOANS)

The 504 Loan program is an economic development program that supports American small business growth and helps communities through business expansion and job creation. This SBA program provides long-term, fixed-rate, subordinate mortgage financing for acquisition and/or renovation of capital assets including land, buildings and equipment. Some refinancing is also permitted. Most for-profit small businesses are eligible for this program. The types of businesses excluded from 7(a) loans (listed previously) are also excluded from the 504 loan program.

Loans are provided through Certified Development Companies. CDCs work with banks and other lenders to make loans in first position on reasonable terms, helping lenders retain growing customers and provide Community Redevelopment Act credit.

The SBA 504 loan is distinguished from the SBA 7(a) loan program in these ways:

The maximum debenture, or long-term loan, is:

- \$5 million for businesses that create a certain number of jobs or improve the local economy;
- \$5 million for businesses that meet a specific public policy goal, including veterans; and
- \$5.5 million for manufacturers and energy public policy projects.

Recent additions to the program allow \$5.5 million for each project that reduces the borrower's energy consumption by at least 10 percent; and \$5.5 million for each project that generates renewable energy fuels, such as biodiesel or ethanol production. Projects eligible for up to

\$5.5 million under one of these two requirements do not have to meet the job creation or retention requirement, so long as the CDC portfolio average is at least \$65,000.

- Eligible project costs are limited to long-term, fixed assets such as land and building (occupied by the borrower) and substantial machinery and equipment. Working capital is not an eligible use of proceeds, except in a temporary program which is scheduled to expire on September 27, 2012.
- Most borrowers are required to make an injection (borrower contribution) of just 10 percent which allows the business to conserve valuable operating capital. A further injection of 5 percent is needed if the business is a start-up or new (less than 2 years old), and a further injection of 5 percent is also required if the primary collateral will be a single purpose building (such as a hotel).
- Two-tiered project financing: A lender finances approximately 50 percent of the project cost and receives a first lien on the project assets (but no SBA guaranty); A CDC (backed by a 100 percent SBA-guaranteed debenture) finances up to 40 percent of the project costs secured with a junior lien. The borrower provides the balance of the project costs.
- Fixed interest rate on SBA loan. SBA guarantees the debenture 100 percent. Debentures are sold in pools monthly to private investors. This low, fixed rate is then passed on to the borrower and establishes the basis for the loan rate.
- All project-related costs can be financed, including acquisition (land and building, land and construction of building, renovations, machinery and equipment) and soft costs, such as title insurance and appraisals. Some closing costs may be financed.

- Collateral is typically a subordinate lien on the assets financed; allows other assets to be free of liens and available to secure other needed financing.
- Long-term real estate loans are up to 20-year term, heavy equipment 10 - or 20-year term and are self-amortizing.

Businesses that receive 504 loans are:

- Small — net worth under \$15 million, net profit after taxes under \$5 million, or meet other SBA size standards.
- Organized for-profit.
- Most types of business — retail, service, wholesale or manufacturing.

The SBA's 504 certified development companies serve their communities by financing business expansion needs. Their professional staffs work directly with borrowers to tailor a financing package that meets program guidelines and the credit capacity of the borrower's business. For information, visit www.sba.gov/504.

MICROLOAN PROGRAM

The Microloan program provides small loans ranging from under \$500 to \$50,000 to women, low-income, minority, veteran, and other small business owners through a network of approximately 160 intermediaries nationwide. Under this program, the SBA makes funds available to nonprofit intermediaries that, in turn, make the small loans directly to entrepreneurs, including veterans. Proceeds can be used for typical business purposes such as working capital, or the purchase of furniture, fixtures, machinery, supplies, equipment, and inventory. Microloans may not be used for the purchase of real estate. Interest rates are negotiated between the borrower and the intermediary. The maximum term for a microloan is 7 years.

The program also provides business-based training and technical assistance to microborrowers and potential microborrowers to help them be successful at starting or growing their businesses. Such training and technical assistance may include general business education, assistance with business planning industry-specific training, and other types of training support. Entrepreneurs and small business owners interested in small amounts of business financing should contact the nearest SBA District Office for information about the nearest Microloan Program Intermediary Lender or go to www.sba.gov/microloans.

SMALL BUSINESS INVESTMENT COMPANY PROGRAM

There are a variety of alternatives to bank financing for small businesses. The Small Business Investment Company (SBIC) program fills the gap between what owners can fund directly and the needs of the small business for growth capital. Licensed and regulated by the SBA, SBICs are privately owned and managed investment funds that make capital available to qualifying U.S. small businesses. The funds raise private capital and can receive SBA-guaranteed leverage up to 3x private capital, with a leverage ceiling of \$150 million per SBIC and \$225 million for two or more licenses under common control. Licensed SBICs are for-profit investment firms whose incentive is to share in the success of a small business. The SBIC program provides funding for a broad range of industries. Some SBICs invest in a particular field or industry while others invest more generally. For more information, visit www.sba.gov/inv.

SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Small Business Innovation Research (SBIR) program encourages small businesses to advance their technical potential from funds committed by federal agencies with large extramural research and development budgets. The SBIR program serves to fund the critical startup and development stages for a technology and encourages commercialization of the technology, product or service. In turn, this stimulates the U.S. economy.

SBIR Requirements

Small businesses must meet the following eligibility criteria to participate in the SBIR program.

- Be 51 percent owned and controlled by one or more individuals who are U.S. citizens or permanent resident aliens in the U.S. or be a for-profit business concern that is at least 51 percent owned and controlled by another for-profit business concern that is at least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the U.S.
- Be for-profit.
- Principal researcher must be employed by the small business.
- Company size cannot exceed 500 employees.

For more information on the SBIR program visit www.sba.gov/sbir.

Participating Agencies

Each year, the following eleven federal departments and agencies are required to reserve 2.5 percent of their extramural R&D funds for award to small businesses through the SBIR program: Departments of Agriculture; Commerce; Defense; Education; Energy; Health and Human Services; Homeland Security; Transportation; Environmental Protection Agency; National Aeronautics and Space Administration; and National Science Foundation.

SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM

The Small Business Technology Transfer (STTR) program reserves a specific percentage of federal R&D funding for award to small business and non-profit research institution partners. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small business and the nation's premier nonprofit research institutions. Small business has long been where innovation and innovators thrive, but the risk and expense of conducting serious R&D efforts can be beyond the means of many small businesses. Non-profit research laboratories are also instrumental in developing high-tech innovations, but frequently innovation is confined to the theoretical. STTR combines the strengths of both entities by introducing entrepreneurial skills to high-tech research efforts. The technologies and products are transferred from the laboratory to the marketplace. The small business profits from the commercialization, which, in turn, stimulates the U.S. economy.

STTR Requirements

Small businesses must meet the following eligibility criteria to participate in the STTR program.

- Be 51 percent owned and controlled by one or more individuals who are U.S. citizens or permanent resident aliens in the U.S.
- Be for-profit.
- Principal researcher need not be employed by the small business.
- Company size cannot exceed 500 employees. (No size limit for nonprofit research institution).

The nonprofit research institution partner must also meet certain eligibility criteria:

- Be located in the United States and be one of the following:
- Nonprofit college or university.

- Domestic nonprofit research organization.
- Federally funded R&D center.

Participating Agencies

Each year the following five Federal departments and agencies are required by STTR to reserve 0.3 percent of their extramural R&D funds for award to small business/nonprofit research institution partnerships: Department of Defense; Department of Energy; Department of Health and Human Services; National Aeronautics and Space Administration; and National Science Foundation.

SURETY BOND GUARANTEE PROGRAM

The Surety Bond Guarantee program is a public-private partnership between the federal government and surety companies to provide small businesses with the bonding assistance necessary for them to compete for public and private contracting and subcontracting opportunities. The guarantee provides all incentive for sureties to bond small businesses that would otherwise be unable to obtain bonding. The program is aimed at small businesses that lack the working capital or performance track record necessary to secure bonding on a reasonable basis through regular commercial channels.

Through this program, the SBA guarantees bid, payment, performance and ancillary bonds issued by surety companies for individual contracts and subcontracts up to \$2 million. The SBA reimburses sureties between 70 and 90 percent of losses sustained if a contractor defaults on the contract.

The SBA has two program options available, the Prior Approval Program (Plan A) and the Preferred Surety Bond Program (Plan B). In the Prior Approval Program, SBA guarantees 90 percent of surety's paid losses and expenses on bonded contracts up to \$100,000, and on bonded contracts greater than \$100,000 that are awarded to socially and economically disadvantaged concerns, HUBZone contractors, and veterans, and service-disabled veteran owned small businesses. All other bonds guaranteed in the Plan A Program receive an 80 percent guarantee. Sureties must obtain SBA's prior approval for each bond guarantee issued. Under Plan B, SBA guarantees 70 percent, but sureties may issue, monitor and service bonds without SBA's prior approval.

TIPS FOR INTERACTING WITH YOUR CUSTOMERS

SOCIAL MEDIA AN ESSENTIAL PART OF YOUR MARKETING TOOLKIT

Social media marketing is a great tool for engaging with customers, building your company's brand, and increasing your business reach. However, many small business owners make the mistake of using social media tools such as Twitter and Facebook for simply pushing their messages out. They miss a key communications and marketing opportunity by not listening to or joining in the conversations that are going on. In other words, they ignore the fundamental point of social media - being SOCIAL!

Just being on Twitter or Facebook is not enough. It takes time and effort to build a strong social media presence. When it comes to growing your social media presence and seeing a return on your investment it is easier said than done.

Here's are three hands-on tactics that you can use.

1. Determine Where Your Customers are Online and How you Can Reach Them

- a. When considering social media as part of your overall marketing strategy, always start with asking the most basic questions:
 - What is it you want to achieve?
 - Where is your audience and will they respond?

- b. Next, make sure your target audience is on Twitter, Facebook or whatever social network you are considering, or you may spend a lot of time on a channel that won't reach your target. You can do this in several ways:

- Survey your customers.
- Assess what your competition is doing.
- Get involved with social networks on a personal level by exploring communities and Facebook fan pages.
- Research trends in Twitter topics and try to build a picture of what your target market is doing and sharing on social networks.

- c. And don't forget that while these tools are free, your investment in them isn't. It takes staff time and resources to use social media successfully.

2. Use Twitter to Engage and Entice

- a. Instead of simply Tweeting for Tweeting's sake, focus on making your Twitter strategy a rich and interactive experience. For example, use Tweets to start discussions on your products, special offers and events. Engage with followers by responding to mentions about your business; addressing their questions and inviting them to check out your website and so on.

- b. You can track mentions of your company or products in other Tweets using a Twitter application such as Tweetdeck or Hootsuite.



- c. Don't be afraid to Tweet often. Anywhere between 5-10 Tweets a day is your target. Also remember to shake your message up. As every good marketer knows, tone and style are a huge factor in ensuring that your message stands out, resonates, and promotes action. Tweeting is like conversation, putting out static updates or statements will fall on flat ears, but engaging, teasing, querying, and showing interest will promote action. So shake your message up, use the words your audience uses, sprinkle in some hashtags and go on and tease a little.

So, instead of saying:

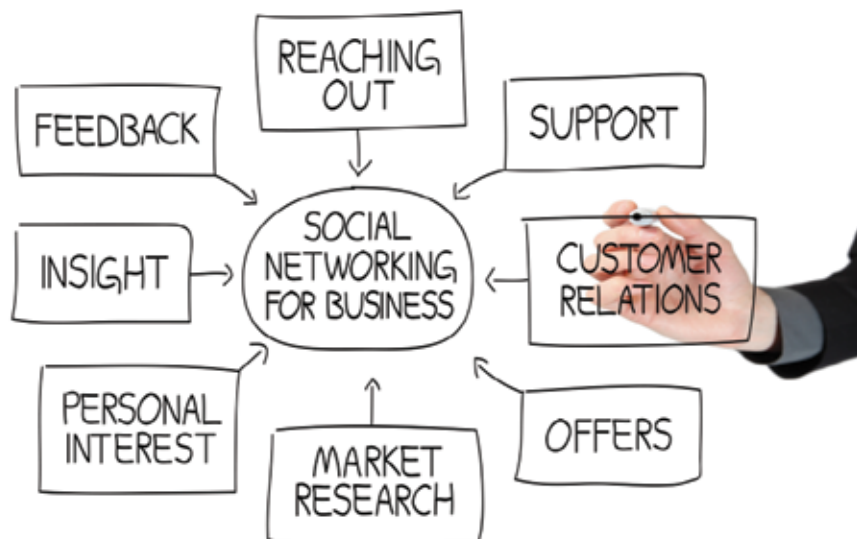
- *We're giving away 2 bagels for the price of one at BagelFest on Nov 25, 4-8 PM <LINK>*

Tweet this:

- *We know you love them! Get 2 bagels for the price of one on 11/25. Find out where <LINK>*

3. Use Facebook to its Fullest Effect

As with Twitter, Facebook is a great way for engaging with people who like your brand, want to interact with your business, stay abreast of latest developments, and take advantage of giveaways, contests, surveys, etc. It is also invaluable for brand exposure. While having a Facebook presence doesn't guarantee a huge uptick in visitors to your website, using it strategically to link back to online blogs, menus, event or newsletter registration landing pages and special offers, can improve site traffic.





7(a) Loan Program

Program	Maximum Amount	Use of Proceeds	Maturity	Maximum Interest Rate	Structure	Who Qualifies	Benefit to Borrowers
Standard 7(a): Applicant applies for business loan to lender; Lender applies to SBA for guaranty of their proposed loan if they determine it is necessary. Loan from lender, not SBA.	\$5 million to any one business, including affiliates	Expansion/renovation; new construction, purchase land or buildings; purchase equipment, fixtures, lease-hold improvements; working capital; inventory, business acquisition, startups and refinancing under certain conditions (discuss with lender).	Depends on use of proceeds and ability to repay. Generally working capital and machinery & equipment loans have 5-10 years; real estate is up to 25 years. Term negotiated with lender.	SBA sets a maximum rate for both variable and fixed rates loans (discuss with lender or local SBA District Office for current information).	Term loan with one payment of principal and interest (P&I) each month. Interest variable or fixed as negotiated with lender. Cannot be revolving. SBA charges a Guaranty Fee **	Must be for-profit and meet SBA size standards; show good character, credit, management, and ability to repay; must be an eligible type of business, use proceeds for eligible purpose, and demonstrate that credit is not otherwise available.	Business able to obtain financing which otherwise would not be provided due to term, collateral, equity, and/or time in business. Fixed maturity; No balloons; No prepayment penalty if maturity under 15 years. Establish or re-affirm business relationship with a lender.
International Trade: Long term financing to help businesses engaged in exporting or adversely impacted by imports.	Same as Standard 7(a).	Acquire, renovate, modernize facilities or equipment used in making products or services to be exported, plus permanent working capital and refinance debt not structured with reasonable terms.	Same as Standard 7(a).	Same as Standard 7(a).	Same as Standard 7(a). Maximum SBA guaranty amount for working capital is \$4 million.	Same as Standard 7(a) plus businesses must be engaged or preparing to engage in international trade or adversely affected by competition from imports.	Same as Standard 7(a) plus long-term financing for fixed assets used to produce products or services for export.
Export Working Capital Program: Single transaction or Revolving Working Capital lines of credit for exporters.	Same as Standard 7(a).	Short-term, working-capital for exporters. Can be single transaction or revolving. Standby Letters of Credit for export purposes.	Generally one year, but can be up to 3 years to match a single transaction cycle.	Established by lender. No SBA established maximums.	Short term revolving line of credit based on borrowing base or export purchase orders. Monthly interest payments; principal payments based on collection of foreign receivables.	Same as Standard 7(a) plus must have been in business for at least one year and preparing to engage in or increase international trade.	Same as Standard 7(a) plus provides working capital to American Exporters to perform on export transactions and/or finance export receivables. Ability to financing standby letters of credit for export purposes.
CAPLines: Four different Revolving Lines of Credit, a/k/a Seasonal, Contract Builders, Working Capital	Same as Standard 7(a).	Finances: seasonal working capital needs, direct cost to perform assignable contracts, construction costs of structure for resale, or advances against existing inventory and receivables.	Up to 10 years.	Same as Standard 7(a).	Revolving line of credit with monthly interest and principal payments based on when the business receives the cash for doing the activity the loan proceeds financed.	Same as Standard 7(a) plus a business that needs the specialized proceeds this program offers.	Same as Standard 7(a) plus provides revolving working capital not otherwise available to perform on an assignable contract, to cover seasonal needs, to build or renovate personal or commercial space, and to obtain funds against existing current assets. Also structured to meet business needs.
SBAExpress: Lender approves the loan.	\$350,000.	Same as a Standard 7(a) or may be used for a revolving working capital line of credit.	Same as Standard 7(a) for term loans, Revolving lines of credit up to 7 years.	Loans \$50,000 or less: Prime + 6.5%. Loans over \$50,000: Prime + 4.5%.	Same as Standard 7(a) except lender has more leeway to structure repayment under their own rules.	Same as Standard 7(a).	Same as Standard 7(a) plus Streamlined process; Easy-to-use line of credit and allows for a revolving feature which Standard 7(a) does not.
Small Loan Advantage: lower-dollar loans to underserved areas	\$250,000.	Same as Standard 7(a).	Same as Standard 7(a).	Loans up to \$150,000: 85% Loans above \$150,000: 75%	Same as Standard 7(a).	Underserved markets.	Stream-lined application
Rural Loan Advantage: Rural-based or small community lender	\$350,000.	Same as Standard 7(a).	Same as Standard 7(a).	Loans up to \$150,000: 85% Loans above \$150,000: 75%	Same as Standard 7(a).	Rural and small community markets impacted by population loss, high unemployment	Stream-lined application

** The SBA charges the lender a guaranty fee based on the loan's maturity and the dollar amount which is initially guaranteed. The lender can pass this expense to the borrower and loan proceeds can be used to reimburse the lender. The 7(a) Guaranty Fee Reference Chart (on next page) explains the Agency's guaranty fee charges.

CAPITAL

7(a) Loans, continued

Program	Maximum Amount	Use of Proceeds	Maturity	Maximum Interest Rate	Structure	Who Qualifies	Benefit to Borrowers
Export Express: Lender approves the loan.	\$500,000.	Same as SBA Express plus can be used for Standby Letters of Credit for Export Purposes. Debt Refinance is not allowed.	Same as SBA Express.	Same as SBA Express.	Same as SBA Express.	Same as SBA express plus loan proceeds must be used to support export development activity.	Same as SBA Express plus provides lenders with a higher percentage guaranty which can encourage them to make more loans to finance export development activities of small businesses. Standby Letters of Credit are also authorized.
Patriot Express: Lender approves the loan.	\$500,000.	Same as Standard 7(a).	Same as Standard 7(a).	Same as Standard 7(a).	Same as SBA Express.	Same as Standard 7(a) plus must be owned & controlled by one or more of the following groups equaling at least 51% total ownership: veteran, active-duty military, reservist or National Guard member or spouse of any of these groups, or widowed spouse of service member or veteran who died during service or of service connected disability.	Same as SBA Express plus provides lenders with a higher percentage of guaranty which can encourage them to make more loans to qualified businesses.
Community Advantage: Alternative Lenders assisting businesses located in areas with high needs.	\$250,000.	Same as Standard 7(a) except cannot be used to refinance loans made by or guaranteed by the Dept. of Agriculture or loans by SBA Micro-Lenders using their SBA intermediary loan.	Same as Standard 7(a).	Same as Standard 7(a) except allowable "Spread" is + 4% over the base rate.	Allows mission-oriented lenders focused on economic development in underserved markets to apply for 7(a) guaranty on loan they propose to make to an eligible small business.	Loan eligibility requirements are same as for Standard 7(a) loans, but the business should be located in an underserved market .	Borrowers in underserved markets get more choices on the types of lenders who can provide them financing if their financing needs an SBA guaranty and the technical assistance needs of the applicant are assessed by the lender.

Non 7(a) Loans

504 Loans: Fixed Asset Project Financing provided from three sources.	SBA portion up to \$5.0 million.	For the acquisition of long-term fixed-assets, refinancing long term fixed asset debt under certain conditions, and working capital on a limited basis.	Either 10 or 20 year term on the SBA/ CDC portion.	Check with local SBA District Office for current information.	Financing from 1. <i>The CDC Certified Development Company</i> 2. <i>Third Party Lenders</i> 3. <i>Applicant</i>	For profit businesses that do not exceed \$15.0 million in tangible net worth and do not have an average net income over \$5 million for the past 2 years.	Fees under 3 percent; long-term fixed rate; low down payment; full amortization; no balloons.
Micro-Loans	\$50,000 total to one small business borrower.	Furniture, fixtures, supplies, inventory, equipment, and working capital.	Shortest term possible, not to exceed 6 years.	Check with local SBA District Office for locations of locally available intermediary lenders and then check with them.	Loans through non- profit lending organizations; technical assistance also provided.	Same as 7(a) – plus loans can be made to non-profit day care businesses.	Direct loans from nonprofit intermediary lenders; Fixed-rate financing; Very small loan amounts; Technical assistance available.

7(a) Guaranty Fee Reference Chart	Gross Size of Loan	Fees	Notes
	Loans of \$150,000 or less (See Note 1).....	2% of guaranteed portion, Lender is authorized to retain.....	Maturities that exceed 12 months
\$150,001 to \$700,000	3% of guaranteed portion.....	Maturities that exceed 12 months	
\$700,001 to \$5,000,000 (See Note 2)	3.5% of guaranteed portion up to \$1,000,000 PLUS 3.75% of.....	Maturities that exceed 12 months	
Short Term Loans – up to \$5 million	0.25% of the guaranteed portion	Maturities of 12 months or less	

NOTE 1: The guaranty fee on a \$100,000 loan with an 85% guaranty would be 2% of \$85,000 or \$1,700, of which the lender would retain \$425.

NOTE 2: The guaranty fee on a \$2,000,000 loan with a 75% guaranty (\$1.5 million guaranteed portion) would be, 3.5% of \$1,000,000 (\$35,000) PLUS 3.75% of \$500,000 (\$18,750), for a total of \$53,750.

CONTRACTING

Applying for Government Contracts



The U.S. government is the largest single purchaser of goods and services in the world, buying everything from armored tanks to paper clips. Every year, the federal government awards more than \$500 billion in contracts, and a significant share of those contracts are specifically allotted to small businesses.

The Small Business Administration works with agencies to award at least 23 percent of all prime government contracts to small businesses, with specific statutory goals for small disadvantaged businesses (SDV), businesses that are women-owned (WO) or service-disabled veteran-owned (SDVOSB), or businesses that are located in historically underutilized business zones (HUBZone).

The agency ensures that small businesses have access to long-lasting development opportunities, which means working with small businesses to help them stay competitive, as well as encouraging federal agencies to award more contracts to small businesses. The SBA features outreach programs, matchmaking events, and online training opportunities; and helps agencies identify opportunities for small businesses.

HOW GOVERNMENT CONTRACTING WORKS

Sealed bidding vs. Negotiation

There are two methods the government uses to purchase goods and services, sealed bidding and negotiation.

The first method, sealed bidding, involves issuing an invitation for bid by a procuring agency. Under the sealed bidding method, a contract is awarded to a responsible bidder who bid, conforming to the invitation for bids, will be most advantageous to the Government, considering only price and the price related factors included in the invitation for bid. The second method, negotiation, involves issuing a request for proposal (RFP) or request for quotation (RFQ). The business with the best proposal in terms of technical content, best value, price and other factors generally wins the contract.

Types of Contracts

Firm fixed price contracts place the full responsibility for the costs and risk of loss on the contractor. Firm fixed price contracts do not permit any adjustment on the basis of the contractor's costs during the performance of the contract. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon the contracting parties. This type of contract is used in all sealed bid and some negotiated procurements.

Cost reimbursement contracts provide for the payment of allowable costs incurred by the contractor, to the extent stated in the contract. The contract establishes a ceiling price, above which a contractor may not exceed without the approval of the contracting officer. Cost reimbursement contracts are used in research and development contracts.

Some contracts do not fit neatly into these two categories, such as time and material contracts (prices for hourly wages are fixed but the hours are estimated) and letter contracts (authorizes a contractor to begin work on an urgent requirement).

Small Business Set-Asides

A "set-aside" for small businesses reserves an acquisition exclusively for small business participation. There are two ways in which set-asides can be determined. First, if an acquisition of goods or services has an anticipated dollar value of at least \$3,000 but not exceeding \$150,000, it is automatically reserved for small businesses. The acquisition will be set aside only if the contracting officer determines there are two or more responsible small businesses that are competitive in terms of market prices, quality and delivery. Second, if an acquisition of goods or services is more than \$150,000, and if it's likely offers will be obtained from at least two responsible small businesses, and if awards will be made at fair market prices, the acquisition is reserved for exclusively for small business. Reasonable expectations of small business competition may be evaluated using past acquisition history of an item or similar items.

There are several exceptions and unique rules for specific kinds of small businesses and industries. For Research and Development (R&D) small business set-asides, there must be reasonable expectation of obtaining from small businesses the best scientific and

technological sources consistent with the demands of the proposed acquisition. For small business set-asides other than for construction services, any business proposing to furnish a product that it did not manufacture must furnish the product of a small business manufacturer unless the SBA has granted either a waiver or exception to this requirement. In industries where the SBA finds that there are no small business manufacturers, it may issue a waiver to the non-manufacturer rule. Waivers permit small businesses to provide any domestic firm's product.

Subcontracting

Subcontracting opportunities are a great resource for small businesses, especially to those not ready to bid as prime contractors. Experience gained from subcontracting with a federal prime contractor can better prepare businesses to bid for prime contracts.

Current regulations stipulate for contracts offering subcontracting opportunities over \$650,000 for goods and services, or \$1.5 million for construction, large business prime contractors must offer maximum practicable subcontracting opportunities to small businesses. Large business prime contractors must submit a subcontracting plan describing how they will successfully subcontract to small businesses.

To find subcontracting opportunities, a list of Federal prime solicitations are listed under the U.S. Small Business Administration Subcontracting Network (SUBNET) <http://web.sba.gov/subnet/search/index.cfm> and www.gsa.gov/portal/content/101195 General Services Administration (GSA). Research the list of prime contractors and determine which are best suited for your business. Develop a marketing strategy, and then contact the Small Business Liaison Officer (SBLO) listed for each prime to schedule an appointment.

SBA CONTRACTING PROGRAMS HUBZONE

The Historically Underutilized Business Zones (HUBZone) program helps small businesses located in distressed urban and rural communities, gain access to federal set-aside contracts and sole source contracts, as well as a price evaluation preference in full and open contract competitions. There is a statutory requirement that HUBZone small business concerns be awarded not less than 3 percent of the total value of all prime contract awards. The

HUBZone program also establishes preference for award of federal contracts to small businesses in these areas. To qualify for the program, a business (except those that are tribally-owned) must meet the following criteria:

- It must be a small business by SBA size standards
- It must be owned and controlled at least 51 percent by U.S. citizens, or a Community Development Corporation (CDC), an agricultural cooperative, or an Indian tribe
- Its principal office must be located within a "Historically Underutilized Business Zone," which includes lands considered "Indian Country" and military facilities closed by the Base Realignment and Closure Act
- At least 35 percent of its employees must reside in a HUBZone.

Existing businesses that choose to move to qualified areas are eligible to apply for certification. To fulfill the requirement that 35 percent of a HUBZone firm's employees reside in a HUBZone, employees must live in a primary residence at a place for at least 180 days, or as a currently registered voter, and with intent to live there indefinitely.

SBA is responsible for:

- Determining whether or not individual concerns are qualified HUBZone small business concerns;
- Maintaining a list of qualified HUBZone small business concerns for use by acquisition agencies in awarding contracts under the program;
- Adjudicating protests and appeals of eligibility to receive HUBZone contracts.

For additional information, visit www.sba.gov/hubzone.

8(a) BUSINESS DEVELOPMENT PROGRAM

The 8(a) Business Development program is a nine year program established to assist eligible socially and economically disadvantaged individuals develop and grow their businesses. Business development assistance includes one-to-one counseling, training workshops, and other management and technical guidance. There is a statutory requirement that small disadvantaged business concerns be awarded not less than 5 percent of the total value of all prime contract awards. All firms that become eligible for SBA's 8(a) business development assistance are also considered small disadvantaged business concerns for federal contracting.

To be eligible for the 8(a) Business Development program, a business must meet the following criteria:

- It must be a small business by SBA size standards;
- It must be owned (at least 51 percent) by one or more individuals who qualify as socially and economically disadvantaged, and who are US citizens of good character;
- It must be controlled, managed, and operated by one or more individuals who qualify as disadvantaged, and;
- It must demonstrate potential for success (generally by being in business for at least two full years) before applying.

Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual capabilities. The following individuals are presumed to be socially disadvantaged: Black Americans, Native Americans, Alaska Natives or Native Hawaiians, Hispanic Americans, Asian Pacific Americans, and Subcontinent Asian Americans. An individual who is not a member of one of these groups must establish individual social disadvantage by a preponderance of evidence. Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free-enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged.

Firms owned by Alaska Native Corporations, Indian Tribes, Native Hawaiian Organizations, and Community Development Corporations can also apply to the SBA for 8(a) business development assistance.

So that approved firms can obtain training, counseling, and business development assistance, SBA designates a staff person at a local SBA District Office, geographically near the business.

SBA is responsible for:

- Determining whether a business qualifies for the 8(a) Business Development program
- Determining whether a business continues to qualify, during the nine-year term.
- Approving Mentor/Protégé agreements between 8(a) firms and large businesses.

For additional information, visit www.sba.gov/8a.

SMALL DISADVANTAGED BUSINESS

A Small Disadvantaged Business (SDB) is defined as a small business that is at least 51 percent owned and controlled by one or more individuals

who are socially and economically disadvantaged.

There is a federal government-wide goal of awarding at least 5 percent of prime contracting dollars to SDBs each year. Large prime contractors must also establish a subcontracting goal for SDBs in their Subcontracting Plans.

Firms self-certify as SDB without submitting any application to SBA; however, firms approved by SBA into the 8(a) Business Development program are automatically certified as an SDB. To self-certify, firms should update their CCR profiles and update their ORCA profiles, making sure that both profiles reflect their SDB status.

SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS

The Service-Disabled Veteran-Owned Small Business (SDVOSB) program has a federal government-wide goal of awarding at least 3 percent of prime and subcontracting dollars to Service-Disabled Veteran-Owned Small Businesses each year. Large prime contractors must also establish a subcontracting goal for Veteran-Owned Small Businesses in their Subcontracting Plans. These subcontracting goals are reviewed at time of proposal by both the contracting officer and SBA prior to the award of a contract.

The SDVOSB Protest is administered by SBA to ensure that only businesses owned by service-disabled veterans receive contracts reserved exclusively for them. When a business's SDVOSB self-certification is challenged, SBA determines if the business meets the status, ownership, and control requirements.

To determine your eligibility, contact your local veterans' business development officer, visit the various program websites, or contact SBA's Office of Veterans Business Development at www.sba.gov/about-offices-content/1/2985.

WOMEN-OWNED SMALL BUSINESS FEDERAL CONTRACT PROGRAM

On October 7, 2010, the SBA published a final rule effective February 4, 2011, aimed at expanding federal contracting opportunities for women-owned small businesses. The Women-Owned Small Business (WOSB) Federal Contract program authorizes contracting officers to set aside certain

federal contracts for eligible women-owned businesses and economically disadvantaged women-owned small businesses.

To be eligible, a firm must be at least 51 percent owned or controlled by one or more women. The women must be U.S. citizens. The firm must be "small" in its primary industry in accordance with SBA's size standards for that industry. To be deemed "economically disadvantaged" its owners must demonstrate economic disadvantage in accordance with the requirements set forth in the final rule. For additional

information, visit www.sba.gov/content/contracting-opportunities-women-owned-small-businesses.

Large prime contractors must also establish a subcontracting goal for Woman-Owned Small Businesses in their Subcontracting Plans. These subcontracting goals are reviewed at time of proposal by both the contracting officer and SBA prior to the award of a contract.

WHAT YOU SHOULD KNOW ABOUT YOUR BUSINESS

To be eligible to bid on a federal contract, you must know your business. Answer the following three questions:

1. Are you a small business?

Is your small business:

- Organized for profit?
- Located in the U.S.?
- Operated primarily within the U.S. or making a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor?
- Independently owned and operated?
- Not dominant in the field of operation in which it is bidding for government contracts?
- A sole proprietorship, partnership, corporation, or any other legal form?

If the first six criteria apply to your business, ask yourself the second important question to find out if your business meets size standard requirements.

2. What is the size standard for your business?

Size standards are used to determine whether a business is small or "other than small." Size standards vary depending upon the industry. To determine the size standard for your business, you will need a NAICS code. Every federal agency uses these codes when considering your business. To determine your NAICS code, go to www.census.gov/eos/www/naics/. Some SBA programs require their own unique size standards. To find out more about these requirements and other size standard information, go to www.sba.gov/size.

3. Do you fall under a specific certification?

Under the umbrella of "small business," SBA has outlined several specific certifications that businesses may fall under. These certifications are divided into two categories: **SBA-Certified and Self-Certified.**

The SBA-Certified Programs were created to assist specific businesses in securing federal contracts and therefore can only be issued by SBA administrators. For the Self-Certified Programs, you can determine for yourself if your business meets the requirements by referring to the Federal Acquisition Regulations (FAR).

Just as Congress has given federal agencies a goal of procuring 23 percent of federal contracts from small businesses, so too must federal agencies meet specific contracting goals for other categories of small firms. These goals are:

- 23 percent of contracts from Small Businesses
- 5 percent of contracts go to Small Disadvantaged Businesses
- 5 percent go to Women-Owned Small Businesses
- 3 percent go to Service-Disabled Veteran-Owned Small Businesses
- 3 percent go to HUBZone Small Businesses

Federal agencies have a strong incentive to fulfill these contracting goals. You should apply for those SBA-Certified and Self-Certified programs for which you qualify to take advantage of contracting opportunities.

GETTING STARTED IN CONTRACTING

Once you have identified the important information regarding your business, it is time to start the process of procuring a government contract.

1. Identify your DUNS (Data Universal Numbering System) Number

To register your business, obtain a DUNS number used to identify and track millions of businesses. You can obtain your free DUNS number when registering with the CCR (Central Contractor Registration) at www.ccr.gov or by contacting Dun & Bradstreet at www.dnb.com.

2. Identify your EIN (Employer Identification Number)

An EIN, otherwise known as a federal tax identification number, is generally required of all businesses. For more information, go to www.irs.gov.

3. Identify your NAICS (North American Industry Classification) codes

The NAICS codes are used to classify the industry a particular business occupies. You will need at least one NAICS code to complete your registration, but be sure to list as many as apply. You may also add or change NAICS codes at any time. Visit www.census.gov/eos/www/naics/ to find NAICS codes.

4. Identify your SIC (Standard Industrial Classification) codes

The SIC codes are four-digit numbers that are used to classify the industry a particular business occupies. While NAICS codes have largely replaced SIC codes, you will still need to provide your SIC code. SIC codes can be found at www.osha.gov/pls/imis/sicsearch.html.

5. Register with the CCR (Central Contractor Registration)

The CCR is an online federal government maintained database of companies wanting to do business with the federal government. Agencies search

the database for prospective vendors. The CCR is at www.ccr.gov.

After completing registration, you will be asked to enter your small business profile information through the SBA Supplemental Page. The information will be displayed in the Dynamic Small Business Search.

Creating a profile in CCR and keeping it current ensures your firm has access to federal contracting opportunities.

Entering your small business profile, including your business information and key word description, allows contracting officers, prime contractors, and buyers from state and local governments to learn about your company.

6. Use ORCA (Online Representations and Certifications Application)

Prospective contractors must complete (electronically or through submission of paperwork) representations and certifications for small business size and program status as part of the process that registers the business for federal contracting opportunities. To make this process easier for everyone involved, the government developed ORCA, where generally, businesses can complete all of the paperwork online. To begin this process, first register your firm in CCR, then go to www.orca.bpn.gov.

7. Register with the GSA Schedule

The GSA (General Services Administration) Multiple Award Schedule (aka Federal Supply Schedule) is used by GSA to establish long-term, government wide contracts with commercial firms. Once these contracts are established, government agencies can order the supplies and services they need directly from the firms through the use of an online shopping tool. Becoming a GSA schedule contractor increases your opportunity for contracts across all levels

of government. Businesses interested in becoming GSA schedule contractors should review the information available at www.gsa.gov/schedules.

8. Make Sure Your Business is Financially Sound

This critical step is absolutely necessary to make sure that your business is financially prepared for the journey ahead. Even if you are able to obtain a government contract, you will not be receiving all of the money at once. It helps to have a clear plan of how your business will stage the benefits of the contract.

9. Search Federal Business Opportunities (FedBizOpps) for Contracting Opportunities

FedBizOpps, is an online service operated by the federal government that announces available business opportunities. FedBizOpps helps identify the needs of federal agencies and available contracting opportunities. To begin searching for contracting opportunities, go to www.fbo.gov.

10. Marketing Your Business

Registering your business is not enough to obtain a federal contract; you will need to market your business to attract federal agencies. Tips for good marketing are:

- Determine which federal agencies buy your product or service, and get to know them;
- Identify the contracting procedures of those agencies;
- Focus on opportunities in your niche and prioritize them.

Although not required, you may want to obtain a PSC (Product Services Code) and/or a FSC (Federal Supply Classification). These codes provide additional information about the services and products your business offers.

ADDITIONAL PROCUREMENT RESOURCES

The following federal procurement resources may also be of assistance:

- **The Certificates of Competency (CoC) program** allows a small business, which is the apparent successful offeror, to appeal a contracting officer's non-responsibility determination that it is unable to fulfill the requirements of a specific government contract. The SBA will conduct a detailed review of the firm's technical and financial capabilities to perform on the contract. If the business demonstrates the capability to perform, the SBA issues a Certificate of Competency to the contracting officer, requiring award of that contract to the small business.

- **Procurement Center Representatives (PCR) and Commercial Marketing Representatives (CMR):** PCRs work to increase the small business share of federal procurement awards. CMRs offer many services to small businesses, including counseling on how to obtain subcontracts. To find a PCR or CMR near you, go to www.sba.gov/content/procurement-center-representatives.
- **PTACs (Procurement Technical Assistance Centers):** PTACs provide assistance to businesses that want to sell products and services to federal, state, and/or local government. To find a PTAC in your state, go to www.dla.mil/SmallBusiness/Pages/ptap.aspx.

- **Department of Defense** (The DoD is the largest purchaser of goods from small businesses): www.acq.osd.mil/osbp/
- **Office of Federal Procurement Policy:** www.whitehouse.gov/omb/procurement_default
- **Acquisition Forecast:** www.acquisition.gov/comp/procurement_forecasts/index.html
- **Federal Supply Schedule (FSS):** www.gsa.gov
- **GSA Center for Acquisition Excellence:** www.gsa.gov/portal/content/103487

SBA DISASTER ASSISTANCE

Knowing the Types of Assistance Available for Recovery

The Disaster Assistance Program is SBA's largest direct loan program, and the only form of SBA assistance not limited to small businesses. SBA is responsible for providing affordable, timely and accessible financial assistance to homeowners, renters, businesses of all sizes and private, nonprofit organizations following declared disasters. By law, governmental units and agricultural enterprises are ineligible.

The SBA offers two types of disaster loans – Physical and Economic Injury Disaster Loans.

Home Physical Disaster Loans up to \$200,000 are available to eligible homeowners to repair or replace to its pre-disaster condition damaged or destroyed real estate not fully covered by insurance. Renters and homeowners alike may borrow up to \$40,000 to repair or replace clothing, furniture, cars, appliances, etc., that was damaged or destroyed in the disaster.

Business Physical Disaster Loans up to \$2 million are available to qualified businesses or private, nonprofit organizations of any size to help restore or replace damaged real estate, inventory, machinery, equipment and other business assets to its pre-disaster condition.

The SBA can also lend additional funds to homeowners and businesses to help with the cost of making improvements that protect, prevent or minimize the same type of disaster damage from occurring again.

Economic Injury Disaster Loans (EIDLs) are working capital loans available to qualified small businesses, private nonprofit organizations of all sizes and small agricultural cooperatives that suffered financial losses because of the disaster, regardless of physical damage. The SBA can loan up to \$2 million to provide the necessary working capital to help small businesses pay fixed debts, payroll, accounts payable and other bills that could have been covered had the disaster not occurred. The loan is not intended to replace lost sales or profits. The combined limit for economic injury and physical damage assistance for businesses is \$2 million.

Military Reservist Economic Injury Disaster Loans (MREIDLs) are working capital loans for small businesses adversely affected when an essential employee is called up to active duty by the National Guard or Reserves. An "essential employee" is defined as an individual (whether or not the owner of the small business) whose managerial or technical skill is critical to the successfully daily operation of the business. The loan limit is \$2 million, and the funds may be used to pay necessary operating expenses as they mature until operations return to normal after the essential employee is released from active military duty. The MREIDLs cannot be used to replace lost profits.

For all disaster loans, SBA can only approve loans to applicants having a credit history acceptable to SBA and who also show the ability to repay the loans. The loan terms are established in accordance with the borrower's repayment ability. The law gives SBA several powerful tools to make disaster loans affordable: low-interest rates (around 4 percent), long-terms (up to 30 years), and refinancing of prior liens (in some cases). As required by law, the interest rate for each loan is based on SBA's determination of whether the applicant has credit available elsewhere (the ability to borrow or use their own resources to recover after the disaster).

More information on all of SBA's disaster assistance programs, including information for military reservists, is available at www.sba.gov/disaster.

Disaster Preparedness

For small businesses, surviving a disaster doesn't begin with clearing the debris and returning to work.

With proper planning, surviving begins long before the disaster strikes—or before active-duty orders are received. Your planning should include insurance coverage, emergency power, protection of company records, fire safety, medical emergencies, taking care of your employees and continuity planning – how your business will continue during and after the emergency or disaster.

Starting is as easy as clicking on the disaster preparedness page of SBA's website at www.sba.gov/content/disaster-preparedness.

The page provides links to resources to help you put together your own emergency plan, preparedness tips, and fact sheets about SBA recovery assistance for homeowners, renters, businesses of all sizes and private, nonprofit organizations.

Additionally, to help small businesses with their preparedness planning, SBA has teamed up with Agility Recovery Solutions to offer business continuity strategies for entrepreneurs via their "PrepareMyBusiness" website. In addition to offering practical disaster preparedness tips, Agility is the co-host (with SBA) of a monthly disaster planning webinar for business owners. Previous webinar topics have included discussions on crisis communications, testing your recovery plan, and using social media to enhance business recovery. Visit www.preparemybusiness.org to get the schedule for future webinars, view archived webinars, and for more disaster planning tips.

As small businesses are leading America's economic recovery, many of them are investing time and money into their plans to grow and create jobs. Developing a strong disaster preparedness plan should be a critical and integral piece of those efforts. Planning for a disaster is the best way of limiting its effects.

Additional Resources

The SBA has partnered with the American Red Cross to increase awareness in the business community about the Red Cross Ready Rating™ program. Ready Rating™ is a free, self-paced, web-based membership program that helps a business measure its ability to deal with emergencies, and gives customized feedback on how to improve those efforts. Visit www.readyrating.org.

Additional information on developing an emergency plan is available at the federal government's preparedness website www.ready.gov.

The Institute for Business and Home Safety (www.disastersafety.org) has useful tips on protecting your home or business.

ADVOCACY AND OMBUDSMAN

Watching out for small business interests



OFFICE OF ADVOCACY

The SBA's Office of Advocacy, the "small business watchdog" of the government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, the President and federal appellate courts as friends of the court. Advocacy compiles and interprets statistics on small business and is the primary entity within the federal government to disseminate small business data.

Headed by the Chief Counsel for Advocacy, the office also funds outside research of small business issues and produces numerous publications to inform policy makers about the important role of small business in the economy and the impact of government policies on small business. In addition, the office monitors federal agency compliance with the Regulatory Flexibility Act – the law that requires agencies to analyze the impact of their proposed regulations on small entities (including small businesses, small governmental jurisdictions and small

nonprofit organizations), and consider regulatory alternatives that minimize the economic burden on small entities.

Advocacy's mission is enhanced by a team of regional advocates, located in the SBA's 10 regions. They are Advocacy's direct link to small business owners, state and local government entities, and organizations that support the interests of small entities. The regional advocates help identify regulatory concerns of small business by monitoring the impact of federal and state policies at the grassroots level.

Learn more about the Office of Advocacy at www.sba.gov/advocacy.

OFFICE OF THE NATIONAL OMBUDSMAN

If excessive fines, penalties or unfair regulatory enforcement by federal agencies are problems for your small business, you have a voice in Washington, D.C., through the SBA's Office of the National Ombudsman.

The Ombudsman receives comments regarding federal regulatory enforcement from small business

owners, nonprofit organizations and small government entities. Comments are forwarded to federal agencies for review, and in some cases fines may be lowered or eliminated and decisions changed in favor of the small business owners. Each year the National Ombudsman files a report with the U.S. Congress on the responsiveness of federal agencies regarding their actions of regulatory and compliance enforcement on small businesses.

To request help, send the National Ombudsman a complete Federal Agency Comment Form. You may do this online at www.sba.gov/ombudsman; by fax at 202-481-5719; or by mail at 409 Third Street S.W., Mail Code 2120, Washington, DC 20416.

The Ombudsman also coordinates 10 Regional Regulatory Fairness Boards which meet regularly to receive comments about federal regulations affecting small businesses.

Learn more about the National Ombudsman at www.sba.gov/ombudsman or call 888-REG-FAIR.

ADDITIONAL RESOURCES

Taking care of start up logistics



Even if you are running a small home-based business, you will have to comply with many of the local, state, and federal regulations. Avoid the temptation to ignore regulatory details. Doing so may avert some red tape in the short term, but could be an obstacle as your business grows. Taking the time to research the applicable regulations is as important as knowing your market. Bear in mind that regulations vary by industry. If you're in the food-service business, for example, you will have to deal with the health department. If you use chemical solvents, you will have environmental compliances to meet. Carefully investigate the regulations that affect your industry. Being out of compliance could leave you unprotected legally, lead to expensive penalties and jeopardize your business.

BUSINESS LICENSES

There are many types of licenses, both state and local as well as professional. Depending on what you do and where you plan to operate, your business may be required to have various state and/or municipal licenses, certificates or permits.

Licenses are typically administered by a variety of state and local departments. Consult your state or local government for assistance.

FICTITIOUS BUSINESS NAME

Registering your business name, after doing a search to make sure that it is not already in use, protects you

from others who might want to use the same name. For more information, contact the county clerk's office in the county where your business is based. If you are a corporation, you'll need to check with the state.

BUSINESS INSURANCE

Like home insurance, business insurance protects your business against fire, theft and other losses. Contact your insurance agent or broker. It is prudent for any business to purchase a number of basic types of insurance. Some types of coverage are required by law, other simply make good business sense. The types of insurance listed below are among the most commonly used and are merely a starting point for evaluating the needs of your business.

Liability Insurance – Businesses may incur various forms of liability in conducting their normal activities. One of the most common types is product liability, which may be incurred when a customer suffers harm from using the business product. There are many other types of liability, which are frequently related to specific industries. Liability law is constantly changing. An analysis of your liability insurance needs by a competent professional is vital in determining an adequate and appropriate level of protection for your business.

Property – There are many different types of property insurance and levels of coverage available. It is important to determine the property you need to insure for the continuation of your business and the level of insurance you need to replace or rebuild. You

must also understand the terms of the insurance, including any limitations or waivers of coverage.

Business Interruption – While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business Interruption (or “business income”) insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational.

“Key Man” – If you (and/or any other individual) are so critical to the operation of your business that it cannot continue in the event of your illness or death, you should consider “key man” insurance. This type of policy is frequently required by banks or government loan programs. It also can be used to provide continuity in operations during a period of ownership transition caused by the death, incapacitation or absence due to a Title 10 military activation of an owner or other “key” employee.

Automobile – It is obvious that a vehicle owned by your business should be insured for both liability and replacement purposes. What is less obvious is that you may need special insurance (called “non-owned automobile coverage”) if you use your personal vehicle on company business. This policy covers the business' liability for any damage which may result for such usage.

Officer and Director – Under most state laws, officers and directors of a corporation may become personally liable for their actions on behalf of the company. This type of policy covers this liability.

Home Office – If you are establishing an office in your home, it is a good idea to contact your homeowners' insurance company to update your policy to include coverage for office equipment. This coverage is not automatically included in a standard homeowner's policy.

TAXES

Taxes are an important and complex aspect of owning and operating a successful business. Your accountant,

payroll person, or tax advisor may be very knowledgeable, but there are still many facets of tax law that you should know. The Internal Revenue Service is a great source for tax information. Small Business/Self-Employed Tax Center: www.irs.gov/businesses/small/index.html.

When you are running a business, you don't need to be a tax expert. However, you do need some tax basics. IRS Small Business/Self-Employed Tax Center gives you the information you need to stay tax compliant so your business can thrive.

Small Business Forms and Publications www.irs.gov/businesses/small/article/0,,id=99200,00.html

Download multiple small business and self-employed forms and publications.

FEDERAL PAYROLL TAX (EIN NUMBERS)

An Employer Identification Number (EIN), also known as a Federal Employer Identification Number (FEIN), is used to identify a business entity. Generally, businesses need an EIN to pay federal withholding tax.

You may apply for an EIN in various ways, one of which is to apply online. www.irs.gov/businesses/small/article/0,,id=102767,00.html. This is a free service offered by the Internal Revenue Service.

Call 800-829-1040 if you have questions. You must check with your state to determine if you need a state number or charter.

FEDERAL SELF-EMPLOYMENT TAX

Every employee must pay Social Security and Medicare coverage. If you are self-employed, your contributions are made through the self-employment tax.

The IRS has publications, counselors and workshops available to help you sort it out. For more information, contact the IRS at 800-829-1040 or www.irs.gov.

SALES TAX EXEMPTION CERTIFICATE

If you plan to sell products, you will need a Sales Tax Exemption Certificate. It allows you to purchase inventory, or materials, which will become part of the product you sell, from suppliers without paying taxes. It requires you to charge sales tax to your customers, which you are responsible for remitting to the

state. You will have to pay penalties if it is found that you should have been taxing your products and now owe back taxes to the state. For information on sales tax issues, contact your state's government.

FEDERAL INCOME TAX

Like the state income tax, the method of paying federal income taxes depends upon your legal form of business.

Sole Proprietorship: You must file IRS Federal Form Schedule C along with your personal Federal Income Tax return (Form 1040) and any other applicable forms pertaining to gains or losses in your business activity.

Partnership: You must file a Federal Partnership return (Form 1065). This is merely informational to show gross and net earnings of profit and loss. Also, each partner must report his share of partnership earnings on his individual Form 1040 based on the information from the K-1 filed with the Form 1065.

Corporation: You must file a Federal Corporation Income Tax return (Form 1120). You will also be required to report your earnings from the corporation including salary and other income such as dividends on your personal federal income tax return (Form 1040).

FEDERAL PAYROLL TAX

Federal Withholding Tax: Any business employing a person must register with the IRS and acquire an EIN and pay federal withholding tax at least quarterly. File Form SS-4 with the IRS to obtain your number and required tax forms. Call 800-829-3676 or 800-829-1040 if you have questions.

IRS WEB PRODUCTS FOR SMALL BUSINESSES

For the most timely and up-to-date tax information, go to www.irs.gov/businesses/small/index.html.

VIRTUAL SMALL BUSINESS WORKSHOP

www.tax.gov/virtualworkshop/

The Virtual Small Business Tax Workshop is the first of a series of video products designed exclusively for small business taxpayers. This workshop helps business owners understand federal tax obligations. The Virtual Small Business Workshop is available on CD www.irs.gov/businesses/small/article/0,,id=101169,00.htm and online www.irsvideos.gov/virtualworkshop/ if you are unable to attend a workshop

in person. Small business workshops are designed to help the small business owner understand and fulfill their federal tax responsibilities. Workshops are sponsored and presented by IRS partners who are federal tax specialists.

Workshop topics vary from a general overview of taxes to more specific topics such as recordkeeping and retirement plans. Although most are free, some workshops have fees associated with them. Fees for a workshop are charged by the sponsoring organization, not the IRS.

The IRS's Virtual Small Business Tax Workshop is an interactive resource to help small business owners learn about their federal tax rights and responsibilities. This educational product, available online and on CD consists of nine stand-alone lessons that can be selected and viewed in any sequence. A bookmark feature makes it possible to leave and return to a specific point within the lesson. Users also have access to a list of useful online references that enhance the learning experience by allowing them to view references and the video lessons simultaneously.

Tax Calendar for Small Businesses and Self-Employed (Publication 1518) www.irs.gov/businesses/small/article/0,,id=176080,00.html.

The Tax Calendar for Small Businesses and Self-Employed contains useful information on general business taxes, IRS and SSA customer assistance, electronic filing and paying options, retirement plans, business publications and forms, common tax filing dates, and federal legal holidays.

SOCIAL SECURITY CARDS

All employees must have a social security card. It must be signed by its owner, and you should always ask to see and personally record the social security number. Failure to do so may cause your employee to lose benefits and considerable trouble for yourself in back tracking to uncover the error.

Each payday, your employees must receive a statement from you telling them what deductions were made and how many dollars were taken out for each legal purpose. This can be presented in a variety of ways, including on the check as a detachable portion or in the form of an envelope with the items printed and spaces for dollar deductions to be filled in.

EMPLOYEE CONSIDERATIONS Taxes

If you have any employees, including officers of a corporation but not the sole proprietor or partners, you must make periodic payments towards, and/or file quarterly reports about payroll taxes and other mandatory deductions. You may contact these government agencies for information, assistance and forms.

Social Security Administration

800-772-1213
www.ssa.gov

Social Security's Business Services Online

The Social Security Administration now provides free electronic services online at www.socialsecurity.gov/employer/. Once registered for Business Services Online, business owners or their authorized representative can:

- file W-2s online; and
- verify Social Security Numbers through the Social Security Number Verification Service, used for all employees prior to preparing and submitting Forms W-2.

Federal Withholding

U.S. Internal Revenue Service
800-829-1040
www.irs.gov

Health Insurance

Compare plans in your area at www.healthcare.gov.

Employee Insurance

If you hire employees you may be required to provide unemployment or workers' compensation insurance.

WORKPLACE DISABILITY PROGRAMS

Americans with Disabilities Act (ADA): For assistance with the ADA, call 800-669-3362 or visit www.ada.gov.

U.S. CITIZENSHIP AND IMMIGRATION SERVICES

The Federal Immigration Reform and Control Act of 1986 requires employers to verify employment eligibility of new employees. The law obligates an employer to process Employment Eligibility Verification Form I-9. The U.S. Citizenship and Immigration Services Office of Business Liaison offers a selection of information bulletins and live assistance through the Employer Hotline. For forms call 800-870-3676, for the Employer Hotline call 800-357-2099.

E-Verify: Employment Eligibility Verification

E-Verify, operated by the Department of Homeland Security in partnership with the Social Security Administration, is the best--and quickest--way for employers to determine the employment eligibility of new hires. It is a safe, simple, and secure Internet-based system that electronically verifies the Social Security number and employment eligibility information reported on Form I-9. E-Verify is voluntary in most states and there is no charge to use it.

If you are an employer or employee and would like more information about the E-Verify program, please visit www.dhs.gov/E-Verify or contact our Customer Support staff: 1-888-464-4218 Monday – Friday 8 am – 5 pm. E-mail: e-verify@dhs.gov

SAFETY AND HEALTH REGULATIONS

All businesses with employees are required to comply with state and federal regulations regarding the protection of employees. The

Occupational Safety and Health Administration outlines specific health and safety standards adopted by the U.S. Department of Labor.

BUILDING CODES, PERMITS AND ZONING

It is important to consider zoning regulations when choosing a site for your business. You may not be permitted to conduct business out of your home or engage in industrial activity in a retail district. Contact the business license office in the city or town where the business is located.

BAR CODING

Many stores require bar coding on packaged products. Many industrial and manufacturing companies use bar coding to identify items they receive and ship. There are several companies that can assist businesses with bar-coding needs. You may want to talk with an SBDC, SCORE or WBC counselor for more information.



Federal Registration of Trademarks and Copyrights

Trademarks or service marks are words, phrases, symbols, designs or combinations thereof that identify and distinguish the source of goods. Trademarks may be registered at both the state and federal level. To register a federal trademark, contact:

U.S. Patent and Trademark Office:

P.O. Box 1450
Alexandria, VA 22313-1450
800-786-9199
www.uspto.gov/

Trademark Information Hotline

703-308-9000

STATE REGISTRATION OF A TRADEMARK

Trademarks and service marks may be registered in a state.

Caution: Federally registered trademarks may conflict with and supersede state registered business and product names.

Patents

A patent is the grant of a property right to the inventor by the U.S. Patent and Trademark Office. It provides the owner with the right to exclude others from making, using, offering for sale or selling the patented item in the United States.

Additional information is provided in the publications, General Information Concerning Patents and other

publications distributed through the U.S. Patent and Trademark Office. For more information, contact the:

U.S. Patent and Trademark Office

800-786-9199 • www.uspto.gov

Copyrights

Copyrights protect original works of authorship including literary, dramatic, musical and artistic, and certain other intellectual works. Copyrights do not protect facts, ideas and systems, although it may protect the way these things are expressed. For general information contact:

U.S. Copyright Office

U.S. Library of Congress
James Madison Memorial Building
Washington, DC 20559
202-707-9100 - Order Line
202-707-3000 - Information Line
www.copyright.gov

BUSINESS ORGANIZATION: Choosing Your Business Structure

There are many forms of legal structure you may choose for your business. Each legal structure offers organizational options with different tax and liability issues. We suggest you research each legal structure thoroughly and consult a tax accountant and/or attorney prior to making your decision.

The most common organizational structures are sole proprietorships, general and limited partnerships, “C” and “S” corporations and limited liability companies.

Each structure offers unique tax and liability benefits. If you’re uncertain which business format is right for you, you may want to discuss options with a business counselor or attorney.

Sole Proprietorship

One person operating a business as an individual is a sole proprietorship. It’s the most common form of business organization. Profits are taxed as income to the owner personally. The personal tax rate is usually lower than the corporate tax rate. The owner has complete control of the business, but faces unlimited liability for its debts. There is very little government regulation or reporting required with this business structure.

General Partnership

A partnership exists when two or more persons join together in the operation and management of a business. Partnerships are subject to

relatively little regulation and are fairly easy to establish. A formal partnership agreement is recommended to address potential conflicts such as: who will be responsible for performing each task; what, if any, consultation is needed between partners before major decisions, and what happens when a partner dies. Under a general partnership each partner is liable for all debts of the business. Profits are taxed as income to the partners based on their ownership percentage.

Limited Partnership

Like a general partnership, a limited partnership is established by an agreement between two or more persons. However, there are two types of partners.

- A general partner has greater control in some aspects of the partnership. For example, only a general partner can decide to dissolve the partnership. General partners have no limits on the dividends they can receive from profit so they incur unlimited liability.
- Limited partners can only receive a share of profits based on the proportional amount on their investment, and liability is similarly limited in proportion to their investment.

“C” Corporation

A “C” corporation is a legal entity created under state law by the filing of articles of incorporation. A corporation is a separate entity having its own rights, privileges and liabilities, apart

from those of the individual(s) forming the corporation. It’s the most complex form of business organization and is comprised of shareholders, directors and officers. Since the corporation is a separate legal entity in its own right it can own assets, borrow money and perform business functions without directly involving the owners. Corporations are subject to more government regulation and offer the owners the advantage of limited liability, but not total protection from lawsuits.

Subchapter “S” Corporation

Subchapter “S” references a special part of the Internal Revenue Code that permits a corporation to be taxed as a partnership or sole proprietorship, with profits taxed at the individual, rather than the corporate rate. A business must meet certain requirements for Subchapter “S” status. Contact the IRS for more information.

LLCs and LLPs

The limited liability company is a relatively new business form. It combines selected corporate and partnership characteristics while still maintaining status as a legal entity distinct from its owners. As a separate entity it can acquire assets, incur liabilities and conduct business. It limits liability for the owners. The limited liability partnership is similar to the LLC, but it is for professional organizations.

Building on SBA's Record Year

The SBA actively supports the wide diversity of small businesses that are driving our economy forward in 2012, from Main Street shops, to high-growth startups, and everything in between. No matter what your business, you can get help from the SBA. Whether you are a small business owner who has worked with us before or an entrepreneur who knows nothing about what the agency has to offer, there's never been a better time to link up with your local SBA.

Like the tools in this Resource Guide, the SBA's accomplishments in 2011 reflect the diversity of the small businesses we serve.

For example, in Fiscal Year 2011, the SBA put a record amount of SBA loan dollars in the hands of small business owners. The agency provided over \$30 billion in lending support to over 60,000 small businesses through its top two lending programs – 7(a) and 504. Now, SBA lending is back to where it was before the recession. That's good news for small businesses that need access to capital to grow and hire new workers.

For high-growth small businesses looking for investment capital, the Small Business Investment Company (SBIC) program had a record year, as well. SBICs are privately owned and managed investment funds that use their own capital, plus funds borrowed with an SBA guarantee, to invest in small businesses. The SBA does not invest directly into small businesses, but it provides funding to investment management firms with expertise in certain sectors or industries. "In Fiscal Year 2011, the SBA issued a record \$1.83 billion in new commitments to SBICs. SBICs provided \$2.83 billion in financing dollars to over 1,300 small businesses, helping create or retain over 60,000 jobs—all at zero cost to taxpayers."

At the same time, more small businesses are competing for and winning government contracts. Last year, the SBA's most recent "Score Card" showed that the federal government awarded 22.7% of contracts to small businesses in 2010. This is the second year of increase after four years of decline. While this is good news, the SBA will not rest until the government meets its goal of awarding 23% of contracts to small businesses. Government contracts are the oxygen that many small businesses need to survive, and the SBA is committed to helping more small businesses win more contracts in 2012.

The SBA worked hard last year to put more tools in the hands of entrepreneurs in underserved markets. For example, the Young Entrepreneurs Series visited five cities where young people are starting businesses and creating the jobs of the future. The SBA also held forums focused

on women entrepreneurs, the faith-based community, and veterans. The SBA's Council on Underserved Communities held its first meeting last summer, and the council is already developing ideas for how the SBA can expand its reach into these communities.

The Small Business Jobs Act created an independent Office of International Trade (OIT) within the SBA to support small business exporting. OIT set to work implementing the State Trade and Export Promotion (STEP) grants – also part of the Small Business Jobs Act – that gave state-based export promotion programs \$30 million to support small business exporting. For example, in Idaho, the grants will support a program to help a cluster of agricultural equipment manufacturers find international buyers. In Virginia, the money will go to help advanced manufacturers and IT companies enter the global supply chain. Meanwhile, North Carolina is using the grant money to connect firms with trade shows, trade missions, and overseas marketing opportunities and to provide translation services for small businesses that need a website in a different language. Exporting is an important way for small businesses to expand, and the SBA can help. Look for resources in this guide to learn more about how you can sell your product overseas.

Finally, the SBA also aids business owners, homeowners and other victims of natural disasters. The SBA offers long term, low interest loans to help disaster victims rebuild. Last year, the Office of Disaster Assistance supported victims of countless disasters, including Hurricane Irene. The SBA approved over 13,000 disaster loans worth nearly \$740 million. Of course, no small business owner wants to be caught unprepared when disaster strikes. The SBA can help you get your business ready for whatever comes your way.

As you can see from this article and the rest of this guide, the SBA has a wide variety of tools no matter what your business needs. In the following pages, you can read about how the SBA has helped businesses through access to capital, opportunities in government contracting, counseling, and more. You can also find contact information for our 68 district offices on the inside back cover, where trained professionals can walk you through getting a loan, competing for contracts, or finding a business counselor.

If you don't find what you're looking for here, there is even more information on the agency's newly redesigned website, www.SBA.gov. While you're there, check out SBA Direct, which presents a customized list of resources in your area based on information you enter about your business.

Export Working Capital Loans - Industrial Services, Inc.



Industrial Services, Inc.

St. George, Vermont

2011 Small Business Exporter of the Year for Vermont
Scott Shumway

Owner Scott Shumway (left) with Construction Supervisor Cort Sener (right) at Industrial Services, Inc. factory in St. George, VT. Desalination pressure vessels in the background will be shipped to Africa to provide potable water.

Fresh water Vermont is not a location where you might expect to find a seawater desalination company. And yet St. George, Vermont is the home of Scott Shumway and Industrial Services, Inc., a thriving international company focused on desalination. In 1999, he and his wife and children moved from Bermuda to Vermont to start his global business and to enjoy the state's beauty and outdoor activities. "No matter where you're located," Shumway explained, "this is a field where you're going to be working internationally. For me, moving to Vermont was a quality-of-life issue."

Industrial Services Inc. (ISI) provides both know-how and the equipment to convert millions of gallons of seawater into drinking water for municipal water supply companies and hotels and resorts around the world. Since its founding in 2003, ISI revenues have increased from \$200,000 to nearly \$8 million in 2010. The company includes a varying number of subcontractors; two full-time office employees to handle accounting, export issues, personnel and payroll; and six full-time engineers with flexible work assignments around the globe. Currently, ISI is building the second of two desalination plants, which will produce 1.5 million gallons a day for the Atlantis Resort in Nassau.

With funding from several loans guaranteed by the U.S. Small Business Administration, Shumway developed a unique customer tool he calls a "plant configurator," which allows clients to design their own desalination plants and gives them direct, transparent access to equipment pricing. "Our goal was to empower the little guy so he wouldn't be stuck talking to a distributor or manufacturer who might be marking up the equipment excessively," Shumway said. ISI has received two SBA Exporting Working Capital revolving lines of credit, one in 2010 for \$250,000 and in 2011 for \$750,000; these loans were also helpful because ISI needed up-front cash to support construction costs. "International transactions are commonly based on letters of credit, so the SBA loans provided us with access to cash when needed," he explained.

Although ISI clients are global and its manufactured products are bound for export, Shumway said distance is no obstacle. Thanks to Internet connectivity, Shumway can troubleshoot desalination plants in the Bahamas or anywhere in the world, even to the extent of turning valves or pumps on and off through computer monitors in Vermont.

Shumway credits his international experience as a key reason for ISI's success. "One of our greatest successes is that we very much understand the difficulties of keeping technology functioning in regions that don't have the infrastructure to support it," Shumway said. "The designs we offer have to be appropriate for the locations where the equipment is going. People are smart everywhere, so it really has nothing to do with their abilities. It has to do with the resources they have. If need be, we might convert a system to a 1960's electro-mechanical model, which is reliable and easy to troubleshoot."

Shumway's own expertise in desalination was born of a love of the ocean (he is a certified scuba diver) and a fascination with other cultures. He graduated from the University of Maryland with a degree in mechanical engineering and previously worked at a desalination plant in Boston. "I think a lot of entrepreneurship is learning what's out there before you jump in. If you do that, then you know what's missing. If you offer what's missing, people listen to you."

"Find a niche. You don't necessarily have to try that hard to create a profitable business if you pursue work that is not just another one of many. If you can find that niche and do a good job, I'm confident you'll be successful."

Shumway was selected by the SBA as the 2011 Small Business Exporter of the Year for Vermont because of his company's increased sales, growth of employment, and creative overseas marketing strategies.

Jobs Act Loan - Oncobiologics, Inc.

As he was working his way up the ranks of large pharmaceutical companies, Dr. Pankaj Mohan was consumed by the thought of contributing to society and helping families who suffer through difficult illnesses. So he developed an idea that would take a novel approach to bringing new cancer therapies to the patients who need them.

Early in 2011, Dr. Mohan realized his lifelong dream by launching Oncobiologics, Inc., a Cranbury-based biotechnology firm. "When Oncobiologics was in the planning stages, I envisioned creating a workplace where every employee is a family member and is nurtured to reach his/her full potential," said Dr. Mohan.

His extensive experience with big pharmaceutical companies had also taught him that improving the drug development process would not be an easy task. "In order to accomplish this goal, you need to speed-up the development process through technology and partnerships; you need to hire senior scientists and technicians from top-tier pharma and biotech organizations with extensive experience in developing and commercializing successful biologic drugs, and you need a state-of-the-art facility," said Dr. Mohan.

In order to realize his dream, Dr. Mohan needed financing to bring all of this together. After months of searching, he found the facility and started putting together his management team, but he still needed the financing to acquire the necessary equipment. That's when he enlisted the help of the New Jersey Small Business Development Center (NJSBDC) at Raritan Valley Community College. He received help fine tuning his business plan and was directed to Hopewell Valley Community Bank, a participant in the U.S. Small Business Administration's (SBA) Guaranteed Loan program.

As a result of the assistance Dr. Mohan received from the NJSBDC at Raritan Valley Community College, he was able to secure an SBA-backed loan of \$1 million from Hopewell Valley Community Bank which was used to launch his New Jersey based biotech firm.

The loan has enabled him to purchase the necessary equipment and to hire his initial team of 20 people to begin making progress on the firm's biotherapeutics platforms and proof of concept services model. The company has already made strides in advancing its cancer treatment platform, and has also secured a commitment from a top pharmaceutical firm for its first proof-of-concept project.

"This assistance has already created 20 jobs, with 40 more jobs to come over the next several months and the potential for 500 jobs within five years. Clearly, investing in technology-driven firms will be an important source for future job creation. This funding has been critical to our early stage growth at this time."

In August, the company reached an agreement with the Fox Chase Cancer Center in Philadelphia to co-develop a novel, next generation bi-specific antibody cancer platform with enhanced therapeutic capabilities against solid tumors. The jointly engineered platform is designed to handle multiple targets, representing a pipeline of promising cancer treatments.

"We are taking small steps," said Dr. Mohan, "First we discover and then we develop therapies. After we develop the therapies we conduct pre-clinical trials, and then the final step is clinical studies. By 2012, we will be doing clinical manufacturing."

"I figure I have one shot in life and while I am here I would like to make a small contribution."



Oncobiologics, Inc.

Cranbury, New Jersey

Oncobiologics Founder and CEO Dr. Pankaj Mohan with a guest in Oncobiologics' state-of-the-art research and development facility.

SBDC Assistance - Cosmos Air Purification and Environmental Systems, Inc.

Cosmos Air Purification and Environmental Systems, Inc.

Landover Maryland

Owner Mickey Oudit (right) shows a filter manufactured at his company Cosmos Air Purification and Environmental Systems, and discusses quality control with Simone Munro-Blass, General Manager (left) and Cindy Rubio, Customer Service (middle).



concern with annual revenues of more than \$4 million and 17 full-time employees. Cosmos Air continues to grow in an extremely competitive field through a consultative approach to selling and a flexible, customizable product line.

Through some of the most challenging periods of his company's growth, Mickey developed a relationship with the Maryland Small Business Development Center. When Cosmos outgrew its manufacturing facility, the SBDC helped Mickey arrange an SBA 504 loan through a local Community Development Corporation to purchase a suitable parcel of light industrial property in Landover, Maryland. Through careful planning and flawless execution, Cosmos was able to shift their entire operations to the new facilities with only three days of interruption.

Although recent economic difficulties have slowed Cosmos Air's growth, the firm has convinced most of their customer base that maintaining their facilities' air purification systems is a cost-saving investment rather than an expense that should be cut. In addition, they were able to extend special terms to their most valued customers that helped to maintain these critical relationships in a time of financial stress. With advice from the Maryland SBDC, Cosmos continues to thrive in economic circumstances which challenge even the most established corporations.

Through it all, Mickey Oudit maintains a commitment to his customers, his staff, and his community that make him the true embodiment of a "success story".

In 1990, Mickey Oudit emigrated to the United States from Trinidad and Tobago with his wife and two-year old son. To support his family, he got a job sweeping a broom in the National Capital Filters factory. He was very appreciative of the opportunity, though he would soon prove that his ambitions were far greater.

After becoming the top salesman for a heating and air-conditioner company, Mickey decided to branch out on his own. With a clear sense of the additional business opportunities in his industry, Mickey launched Cosmos Air Purification and Environmental Systems, Inc. in 1996. The following year, Cosmos Air acquired National Capital Filters, his former employer. Today, Cosmos Air is a privately-held

HUBZone Program - Can't Be Beat Fence and Construction, LLC

Can't Be Beat Fence and Construction, LLC

Bay St. Louis, Mississippi

2011 SBA Prime Contractor of the Year for Region IV
Meredith Smith Anderson

Meredith Smith Anderson, owner of Can't Be Beat Fence & Construction.



People who know Meredith Smith Anderson are probably not surprised at her selection as the 2011 U. S. Small Business Administration's Prime Contractor of the Year for Region IV. As Managing Member of Can't Be Beat Fence & Construction, LLC, Anderson has led the company to stability and multi-state growth. Established in 1982, the company provides wood, vinyl, chain link, and cable barrier fencing to residential, commercial, and governmental entities.

Anderson sort of backed into the fencing business. She married Lloyd Anderson who for years managed Pit Grills on the Gulf Coast while working in his uncle's residential fencing business on weekends. Meredith started helping him and they picked up jobs while her grandmother helped with

the couple's four children, Olen, Davy, Vicky and Dusty. "That was in the 1970s and those were tough times," she said. "We grew the business from residential to commercial fencing when the casinos came to the Gulf Coast." The next phase was government subcontracting work through the Roy Anderson Corporation.

The company is certified as HUBZone, 8(a) and a Small Disadvantaged Business. It holds certifications with the Department of Transportation and Women's Business Enterprise; is accredited with the Better Business Bureau; and has garnered contracts throughout the nation. Since October 2010, Anderson has successfully bid contracts ranging from \$3.5 million for a demolition project at the Naval Air Station in Jacksonville, Florida, to \$12.1 million for a construction project in Great Lakes, Illinois.

The firm's main office is located in Bay St. Louis, Mississippi with other office locations in Perkinston, Mississippi; Orange Park, Florida; and Odon, Indiana.

The SBA's Prime Contractor of the Year regional award is given to a small business that provides outstanding goods and services as a prime contractor to the government and private sector.

Loan For Restructuring Debt - Vosges, Ltd.



Vosges, Ltd.

Chicago, Illinois

2011 SBA Small Business Person of the Year for Illinois
Katrina Markoff

Katrina Markoff, President and owner of Vosges-Haut Chocolate in her Chicago retail store.

SBA's 2011 Small Business Person of the Year for Illinois practices what she believes; "If you can dream it, you can live it." Growing up this was the mantra heard repeatedly in Katrina Markoff's house. Raised by a single parent with an entrepreneur's spirit, Katrina's mother gave her this advice daily. As a result, this Indiana native followed her dreams and is the President/Owner of Vosges Haut Chocolat, Ltd., an internationally renowned Chocolatier.

However, Katrina did not always heed her mother's advice. In the beginning, Katrina studied chemistry and psychology at Vanderbilt University, but just days following to her graduation, Katrina realized that her true passion was cooking. With mom's mantra in the back of her head, Katrina boarded the next plane to Paris to pursue her dream in culinary arts at the famous Le Cordon Bleu (L'Ecole de Cuisine et Patisserie). Graduating with a Le Grande Diplome in Cuisine and Patisserie as well as degrees in Oeneology, Katrina moved to Spain to apprentice with Ferran and Albert Adria of the famed El Bulli.

Katrina continued to study food as she traveled around the world sampling local street faire cuisine from open-air spice stalls of Viet Nam to floating markets of Bangkok. Working in various kitchens around the world, this daring soul continued to train her palate by studying indigenous cuisines in such countries as Italy, Australia, China, and Korea just to name a few.

Using chocolate as a medium to tell stories of her travels, local people, artists, movements, religions, music, culture, and ingredients, Katrina founded Vosges Haut-Chocolat

in 1998. With the idea of traveling the world through chocolate, Katrina was able to highlight her stories by feeding avid listeners chocolates that featured indigenous spices, flowers, roots, and scents from around the world to help compliment her storied adventures. As a result, a new business model was born.

Today Vosges Haut-Chocolat is a house of cultural innovation. With a corporate philosophy that strives to balance the mind, efficiency, and spirit within the workplace, this company continues to grow even through an adverse economy. With a mission to create a luxury chocolate experience, Vosges embraces the idea of trying something new that is unique to a variety of cultures from around the world.

Although Vosges is located in Chicago's Lincoln Park, its international chocolate brand is known worldwide from Dubai to Japan to England. With retail outlets in Chicago, New York, and Las Vegas, Katrina is planning to open new stores in San Francisco and Los Angeles. With over 83 people pumping out its unique brand, Vosges wholesales its luxury chocolates to high profile retailers such as Neiman Marcus, Whole Foods, and Charlie Trotter's.

Over the years Katrina has turned to SBA for assistance including securing a \$1.5 million loan used to restructure the company debt. For her various exploits and adventures, Katrina has received numerous awards. Other awards include Inc. Magazines 26 most Fascinating Entrepreneurs, 2008 OPEN American Express Woman of the Year, and 2010 Greek America's Top 40 under 40 just to name a few.

Loan For Equipment Purchase - Reid Enterprises, LLC



Reid Enterprises, LLC

Placitas, New Mexico

Bruce Reid, Co-owner and General Manager, stands in front of a hauler loaded with humate at his Mesa Verde Resources processing plant.

Bruce E. Reid and Cheryl A. Reid are managing members of Reid Enterprises, LLC, doing business as Mesa Verde Resources (MVR). Bruce Reid, General Manager of MVR, has 33 years of experience in geology. Since 1999, he has taken MVR from a small company to a major humate manufacturer. They are a full-service humate mining and manufacturing company that provides humate products and are headquartered in Placitas, New Mexico.

“What are humates,” you ask. Humate materials are substances from the biological and chemical breakdown of animal and plant life that has taken a few million years to deposit. In short, humates are fossilized plants and animals mixed with rock and soil compounds. A complex state of fragmented DNA and RNA that cannot be broken down or even traced to its origin. Using humates restores the natural balance in soil necessary for optimal plant growth.

Over the past decades, MVR has supplied the agricultural industry with the highest quality humates, mined from premium New Mexico geologic deposits, in the Upper Cretaceous Fruitland Formation, in the San Juan Basin. Mesa Verde humates are nature’s brilliant blend of organic, humic, fulvic acids and more. They are used extensively to increase plant quality and production, and to improve and replenish depleted soils.

Due to the recession in 2009 the company found itself in a financial bind. MVR employed 15 full-time employees and business was slower than normal. The pressure was on to pay off high interest loans and to keep their current employees. They worked with their banker, Roy Brady of First American Bank in (City), who assisted them in applying for and receiving a U.S. Small Business Administration (SBA) American Recovery & Reinvestment Act (ARRA) Loan, with a 90 percent guarantee. With this loan they were able to refinance their high interest loans.

Business later picked up and MVR needed new equipment to keep up with demand. Mr. Brady assisted the Reids in securing a Small Business Jobs Act Loan. This loan was disbursed at a 90 percent guarantee and was used to a screener. The new screener sped up production and orders were processed more quickly. They were now able to service new customers and expedite the delivery of orders to existing customers. This new growth prompted them to hire 2 more temporary employees that eventually became permanent and a highly skilled manager that had been out of work for over 1 year.

MVR is also an export company that will ship their products in any desired quantity from 10 tons to 10,000 tons to any domestic or international location. Mesa Verde Resources exports to El Salvador, the Philippines, Australia, Brazil, Pakistan, Mexico, Canada, South Africa, Taiwan and New Zealand.

SBA 8(a) Government Contracting Program - Love Enterprises, Inc.



Love Enterprises, Inc.

Omaha, Nebraska

Tia Love, President and CEO of Love Enterprises, Inc. stands in front of two properties her company with renovate this year.

For Tia Love becoming an entrepreneur started as a 10-year-old kid living near the Applewood Golf Course, where she would spend summer days bolting down the fairways to wade into the ponds - retrieving errant golf balls... to sell them back to the golfers at 25 cents apiece. Her entrepreneurial spirit has only grown stronger as the years passed.

Her north Omaha-based Love Enterprises, and companies under its corporate umbrella, hit a combined \$275,000 in revenues last year. Love owns a retail store, a salon, a construction company, a rental property management firm and a lead paint abatement consulting firm. Often, she heads straight from work at a steamy construction site in a tee-shirt, jeans and a ball cap to handle other parts of her businesses.

She hit a snag after a move to 72nd Street and adding airbrushing services to the mix. At that point, owning businesses just didn't work out. Love rebounded by taking a class at the area YWCA to learn construction trades: electrical, painting, plumbing and carpentry. One instructor mentioned opportunities in lead abatement inspecting, so she earned a license as a lead supervisory risk assessor inspector.

Wanting to own a business again, Love turned to Omaha's nonprofit OSBN for help. OSBN is a business developer with a mission: to spur economic activity in Omaha's economically disadvantaged, eastern neighborhoods. They offer discounted office space at their 24th and Lake building and other support, like SBA-backed microloans, to startups and up-and-coming businesses.

The idea that OSBN offered discount space and small loans in case she might need them inspired Love to again strike out on her own. Love's started her own construction firm in an OSBN discounted rental and won a handful of contracts with the city. Soon she did indeed find she needed a financial cushion to handle the traditional, governmental 60-to-90 day payment delays. Again she turned to OSBN and acquired a SBA-backed microloan to purchase materials and enough working capital to handle payroll expenses.

Love enrolled with the federal government's Central Contractor Registry and last year, the company served as a subcontractor on a huge project excavating yards for lead abatement work as part of the Environmental Protection Agency's Superfund declaration in Omaha. The project affected more than 15,000 homes in the eastern part of the city.

Love is pursuing further federal contracting opportunities and seeking certification as a minority-owned and 8(a) business to access set-aside contracts and achieve greater success.

Love has also created a real estate business to buy run-down properties at bargain prices and fix them up to make them available for rent, expanding the pool of affordable housing in the city.

Last October, Love took out another microloan from OSBN to open and hire a manager for Rare, a full-service salon and boutique on south 13th Street in the Old Market Street, tabbed as "Hollywood in the Heartland."

Recently, she acquired a commercial building and a dealer's license to open what she describes as an "auto spa for cars," which will not only to sell vehicles but provide customers with detailing and customization services. And these days she is also spending time on a long-term business plan that she hopes will help her get larger SBA-backed financing to expand her enterprises further.

"Sometimes, it's just hard to find sources to give you the capital you need. That's where OSBN came in. They were the ones there for me," said Love, who added that she also has put "a lot" of her own money into her projects.

Does Love have advice for others? "Definitely have a plan and map out your goals," Love said. "Stay encouraged, find people to support you and always look around to find new information about opportunities out there. Stay committed and work hard until you see your vision through. If you want to do something, do it. I say it's one percent the idea, 99 percent sweat."

SBA 100 Company - Laducer and Associates, Inc.



Laducer & Associates, Inc.

Mandan, North Dakota

James K. Laducer, President of Laducer and Associates.

Laducer and Associates, Inc. was established in 1985 under the ownership and direction of James K. Laducer, a member of the Turtle Mountain Band of Chippewa Indians. The company began as a four-person operation, and through contracts with the North Dakota Department of Transportation and the U.S. Small Business Administration, provided management and technical assistance to North Dakota small and minority-owned businesses.

Even though Laducer was very successful in this endeavor, he later diversified the services to include information management. This undertaking proved fruitful, when in 1996 Laducer obtained a subcontract with Uniband, Inc. to provide data capture management services for the Immigration and Naturalization Service (INS). By investing funds from two 7(a) loans approved by Kirkwood Bank and Trust for \$532,000, Laducer purchased a 10,890 sq. ft. facility in Mandan, North Dakota. He also designed the production layout, purchased data processing workstations, and hired over 75-people—all within one month's time.

In 1997, additional data processing contracts were secured with Blue Cross Blue Shield of North Dakota and the North Dakota Department of Health. Success and growth continued when in 1999 Laducer securing a 5-year contract with the U.S. Department of the Treasury's Internal Revenue Service (IRS). To perform this large-scale contract, expansion to its current facility was needed, as well as employing additional data key operators.

In 2004, Laducer began its working relationship with Reed Technology & Information Services, Inc. (RTIS) to capture and prepare for publication patent applications submitted to the U.S. Patent and Trademark Office. That same year, the U.S. Fish and Wildlife Service (FWS) awarded a data processing contract, utilizing Laducer's GSA Schedule 36 Federal Supply contract. In April 2005, Laducer and

Associates again turned to SBA financing with a \$325,000 loan that has been paid in full.

Since entering this exciting and ever-changing business arena 25 years ago, the company has proven itself as a viable data processing center. Laducer's operation now includes an offsite facility on the Turtle Mountain Indian Reservation in Belcourt, ND, and employs over 200 highly-skilled data key operators. The company continues its partnerships with the IRS, RTIS, and FWS.

"If it wasn't for SBA lending, we could not have grown into one of the largest privately owned Indian businesses in the country," said Jim Laducer.

In December 2007, a lifetime dream was fulfilled. Laducer and three business partners (of whom two are Turtle Mountain tribal enrolled members) received approval from FDIC and the North Dakota State Banking Commission to open a Native American bank on the Turtle Mountain Indian Reservation. The bank, Turtle Mountain State Bank, is the first "privately-owned" Native American bank in the State of North Dakota and the first "privately-owned" Native American bank in the U.S. to operate a financial institution on a federally recognized Indian Reservation. Laducer is the majority stockholder and serves as a Director, as well as the Chief Lending Officer/Executive Vice President. The bank has an excellent working relationship with SBA, as well as the Bureau of Indian Affairs and other state financial entities.

The bank is currently constructing a new and bigger facility and Laducer anticipates full operations at that site soon.

In August of 2011, Laducer and Associates, Inc. was recognized as a "SBA 100" company; this award goes to a company that has used SBA programs, services or loans and has grown to have 100 or more employees.

Property Acquisition and Building Loan - Vegas Weddings



Vegas Weddings

Las Vegas, Nevada

2011 SBA Small Business Person
of the Year for Nevada

Cliff Evarts

Cliff Evarts, owner of Las Vegas Weddings sits in his Las Vegas, Nevada wedding chapel.

While flying over Vietnam as an Air Force Command Pilot, Cliff Evarts could not have predicted a career in the Las Vegas wedding business. It happened when an opportunity landed in his life and his career path took an unexpected turn; that led to his being named SBA's 2011 Small Business Person of the Year.

Since leaving the Air Force, Cliff has been involved in commercial real estate and business development for over thirty years. In 2002, he represented a buyer for a wedding business, and when the deal fell through he took a hard look at the business model and decided to join the wedding industry in Las Vegas.

However, Cliff encountered challenges. The Las Vegas wedding industry had a reputation for fast, no-wait marriages and cheap weddings. Competition was intense, as most of the free standing wedding chapels are compressed within the Las Vegas city limits. Further, major resorts entered the market to attract guests, with large, glitzy venues and far reaching advertising budgets. Vegas Weddings set out to change and revolutionize the Las Vegas wedding industry image by providing a world-class wedding experience in a high quality venue. Cliff targeted couples wanting a traditional wedding at a fraction of the average U.S. wedding cost of \$25,000.

In 2003, Cliff started a commercial real estate brokerage firm, Buyers Only Real Estate, which provided the vehicle necessary for Vegas Weddings to expand and achieve its full potential.

Through Buyers Only, Cliff purchased property and built a new facility with the help of an SBA loan. This was a benchmark year for growth in revenue and employees as the new facility enabled the company to cater to larger weddings and to compete with major Las Vegas resorts.

Vegas Weddings has operated profitably from its first month in business, with average revenue increases of over 40% per year, in spite of the fact that Clark County marriage licenses were the lowest in 2010 since 1993.

Cliff says, "We credit our success to our focus on a very small segment of the Las Vegas visitor market." He adds, "We currently perform as many as 880 weddings a month, which places us at the very top of our competition."

Vegas Weddings has not only weathered the economic storm of the past year, but has demonstrated a multi-year pattern of excellence.

7(a) Loan - When The Shoe Fits

In September, 2011, with the help of SCORE business counseling and an SBA loan guarantee, the O'Hara's of When the Shoe Fits opened their third location in Vancouver, WA.

When Amy and Alan O'Hara decided it was time to make their business idea a reality, they sought out the assistance of their local SCORE chapter first. The O'Hara's had industry knowledge and a growing desire, but needed to refine their business acumen and find enough capital to launch their dream. For three months, the O'Hara's met with SCORE volunteers Nick and Carlos, refining their business plan and pitch. Amy recalls that, in 2004, at least 15 banks had rejected their business loan applications before an SBA loan guarantee through Pacific Continental helped them get their first store underway.

Alan and Amy attribute the success and growth of their shoe stores to customer service and custom fitting services. Alan's background as a certified pedorthist, former shoe salesman, and buyer; and Amy's former experience in shoe sales and manufacturing; result in an informed sales team that can provide a comprehensive shoe selection experience. When the Shoe Fits focuses on hiring knowledgeable shoe sellers who can recommend products and lines to meet each customer's specific needs. And the customers, largely Clark County baby boomers, appreciate the company's service model.

When The Shoe Fits

Vancouver, Washington



Owners Amy and Alan O'Hara show off their line of shoes.

"It's a great group," Alan O'Hara said. They're not going to sacrifice style for comfort."

In 2007 they established a second store, and seven years later in 2011 they received a SBA backed 7 (a) loan for \$250,000 to launch their third location. Their business has grown to employ 16 full-time employees with health and retirement benefits, and 2 part-time employees, and has reached \$2.7 million in sales.

"I am so grateful, beyond belief!" said owner Amy O'Hara. "I have my health, a thriving business, and I provide a really good living for loads of people."

Recovery ARC Loan - Mountain West Precast



Mountain West Precast

Ogden, Utah

Mountain West Precast crew members Jason Weese (man holding hose), Tyler Howell (left foreground), Kevin Squires (left -background) and Frank Narvaez (right - background standing near platform) finishing a precast pavement for an Interstate 15 project in Utah.

Never intending to make a career out of a seemingly short-term job in a family member's company, in 2004, Stephanie Loud quickly found herself managing and later owning Mountain West Precast.

The prospects for succeeding as a female owner in the male dominated pre-cast concrete industry has been challenging. "I had to go through a very extensive learning curve for both the business and the industry," Loud recalls. A self-described over-achiever, she dedicated herself to learning all she could as fast as possible.

In 2009, Stephanie's company was accepted in the 8(a) program. In only seven years, Mountain West Precast

has grown from a staff of 2 to 14 supporting major supply contracts the company earned from state and federal projects. A creative marketer at heart, Stephanie has worked hard to 'get the word out' about Mountain West Precast and its innovative products, which include a new line focused on architectural precast designs.

In 2011, Mountain West put an American Recovery and Reinvestment Act loan of \$35,000 to good use. "I used the loan to purchase more barrier forms so that I am able to bid on larger projects," said Loud. "This makes me more competitive with larger companies by having more infrastructure. It gave me the tools to do more work."



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Concord, NH 03301
603-225-1400

NEW JERSEY

New Jersey District Office
Two Gateway Center, Suite 1501
Newark, NJ 07102
973-645-2434

NEW MEXICO

New Mexico District Office
625 Silver SW, Suite 320
Albuquerque, NM 87102
505-248-8225

NEW YORK

Buffalo District Office
Niagara Center
130 S. Elmwood Avenue, Suite 540
Buffalo, NY 14202
716-551-4301

Elmira Branch Office
333 E. Water Street, 4th Floor
Elmira, NY 14901
607-734-8130

Long Island Branch Office
350 Motor Parkway, Suite 109
Hauppauge, NY 11788
631-454-0750

New York District Office
26 Federal Plaza, Suite 3100
New York, NY 10278
212-264-4354

Rochester Branch Office
100 State Street, Room 410
Rochester, NY 14614
585-263-6700

Syracuse District Office
224 Harrison Street, Suite 506
Syracuse, NY 13202
315-471-9393

NORTH CAROLINA

North Carolina District Office
6302 Fairview Road, Suite 300
Charlotte, NC 28210-2227
704-344-6563

NORTH DAKOTA

North Dakota District Office
657 2nd Avenue N., Room 218
P.O. Box 3086
Fargo, ND 58108
701-239-5131

OHIO

Cleveland District Office
1350 Euclid Avenue, Suite 211
Cleveland, OH 44115
216-522-4180
216-522-8350 TDD

Cincinnati Branch Office
525 Vine Street, Suite 1030
Cincinnati, OH 45202
513-684-2814

Columbus District Office
401 N. Front Street, Suite 200
Columbus, OH 43215
614-469-6860

OKLAHOMA

Oklahoma City District Office
Federal Building
301 N.W. 6th Street, Suite 116
Oklahoma City, OK 73102
405-609-8000

OREGON

Portland District Office
601 S.W. Second Avenue, Suite 950
Portland, OR 97204-3192
503-326-2682

PENNSYLVANIA

Harrisburg Branch Office
1 Penn Center
2601 N. 3rd Street
Harrisburg, PA 17110
717-782-3840

Philadelphia District Office
Parkview Tower
1150 First Avenue, Suite 1001
King of Prussia, PA 19406
610-382-3062

Pittsburgh District Office
411 Seventh Avenue, Suite 1450
Pittsburgh, PA 15219
412-395-6560

Wilkes-Barre Branch Office
7 N. Wilkes-Barre Boulevard
Wilkes-Barre, PA 18702
570-826-6204

PUERTO RICO/

U.S. VIRGIN ISLANDS

Puerto Rico and
U.S. Virgin Islands District Office
273 Ponce de Leon Avenue
Plaza Scotiabank, Suite 510
San Juan, PR 00917
787-766-5572

RHODE ISLAND

Rhode Island District Office
380 Westminster Street, Room 511
Providence, RI 02903
401-528-4561

ST. CROIX

St. Croix Post of Duty
Almeric L. Christian Federal Building
And U.S. Court House 3013
Estate Golden Rock, Room 167
St. Croix, USVI 00820
340-718-5380 or 800-669-8049

SOUTH CAROLINA

South Carolina District Office
1835 Assembly Street, Room 1425
Columbia, SC 29201
803-765-5377

SOUTH DAKOTA

South Dakota District Office
2329 N. Career Avenue, Suite 105
Sioux Falls, SD 57107
605-330-4243

TENNESSEE

Tennessee District Office
50 Vantage Way, Suite 201
Nashville, TN 37228
615-736-5881

Tennessee District Office -
Alternative Work Site
555 Beale Street
Memphis, TN 38103
901-526-9300

TEXAS

Corpus Christi Branch Office
3649 Leopard Street, Suite 411
Corpus Christi, TX 78408
361-879-0017

Dallas District Office
4300 Amon Carter Boulevard, Suite 114
Fort Worth, TX 76155
817-684-5500

El Paso District Office
211 N. Florence, Suite 201
El Paso, TX 79901
915-834-4600

Houston District Office
8701 S. Gessner Drive, Suite 1200
Houston, TX 77074
713-773-6500

Lower Rio Grande Valley District Office
222 East Van Buren Avenue, Suite 500
Harlingen, TX 78550
956-427-8533

Lubbock District Office
1205 Texas Avenue, Room 408
Lubbock, TX 79401-2693
806-472-7462

San Antonio District Office
North Park Corporate Center
17319 San Pedro, Building 2, Suite 200
San Antonio, TX 78232-1411
210-403-5900

UTAH

Utah District Office
125 South State Street, Room 2227
Salt Lake City, UT 84138
801-524-3209

VERMONT

Vermont District Office
87 State Street, Room 205
Montpelier, VT 05601
802-828-4422

VIRGINIA

Richmond District Office
Federal Building
400 N. 8th Street, Suite 1150
Richmond, VA 23219-4829
804-771-2400

WASHINGTON

Seattle District Office
2401 Fourth Avenue, Suite 450
Seattle, WA 98121
206-553-7310

Spokane Branch Office
801 W. Riverside Avenue, Suite 444
Spokane, WA 99201
509-353-2800

WEST VIRGINIA

West Virginia District Office
320 West Pike Street, Suite 330
Clarksburg, WV 26301
304-623-5631

Charleston Branch Office
405 Capitol Street, Suite 412
Charleston, WV 25301
304-347-5220


WISCONSIN

Wisconsin District Office
740 Regent Street, Suite 100
Madison, WI 53715
608-441-5263

310 West Wisconsin Avenue, Room 400
Milwaukee, WI 53203
414-297-3941

WYOMING

Wyoming District Office
100 East B Street, Federal Building
P.O. Box 44001
Casper, WY 82602-5013
307-261-6500



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