

Eastern Region Summit – May 7&8, 2013



**Programs and Services from the
U.S. Small Business Administration**

U.S. SBA North Carolina District



Agenda

- Opening Remarks: Chris James, Assistant Administrator – SBA Office of Native American Affairs (Washington DC)
- SBA Programs and Services: Mike Arriola, Senior Area Manager - SBA Asheville, NC
 - Entrepreneurial Development
 - Financial Assistance
 - Government Contracting Programs:



SBA Overview

The U.S. Small Business Administration, established in 1953, helps Americans start, run, and grow their businesses through:

- Small business advocacy
- Entrepreneurial development
- Financial assistance
- Federal contracting programs



SBA Entrepreneurial Development Programs



Most Popular:

- ▶ Do I Qualify For Government Contracts?
- ▶ Find Loans & Grants...
- ▶ Find a Surety Bond...
- ▶ Register Your Business...
- ▶ Apply for HUBZone Status...
- ▶ Apply for 8(a) Certification...
- ▶ Find Events in Your Area...
- ▶ 2012 Hurricane Recovery Assistance...
- ▶ 2012 Drought Disaster Assistance...

SBA Direct
Find what matters most *to you...*

Find information on:
(Select your topics)

- Starting a business
- Getting a loan
- Government contracts
- Disaster assistance

LEARN MORE ▶

Get Local Assistance
Right in *your area...*

Counseling, mentoring and training from an SBA District Office, SCORE Chapter, Small Biz Development Center or Women's Biz Center in your area.

FIND RESOURCES ▶

Make a Business Plan

Find Out if You Qualify for Gov't Contracts

Get Online Training

Find Events



Small Business Learning Center

Find Content by Media Type



Online Training



Videos



Chat Sessions



Everything

Featured Training

Encore Entrepreneurship for Women



Featured Tool



See how your business stacks up to the competition

START ANALYSIS ▶

Get Local Assistance

Counseling, mentoring, and training from an SBA District Office, SCORE Chapter, Small Biz Development Center or Women's Biz Center in your area.



FIND RESOURCES ▶

www.sba.gov/sba-learning-center



Other Counseling Resources

- SCORE
- Small Business Development Centers (SBDCs)
- Women's Business Centers
- Veterans Business Outreach Centers
- Use SBA Direct to locate those nearest you



SBA Financial Assistance Programs



SBA Financing Options

- Microloans
- SBA 7(a) program - guaranteed loans
- 504 loan program



SBA Financing: Microloans

- SBA provides financing to “microlenders” who in turn lend the money to as many types of businesses as possible. Higher-risk types of borrowers.
- Borrower repays the loan based on that microlender’s guidelines (rates, collateral, etc.). Maximum amount of \$50,000 depending on lender.
- Target audiences include Native American borrowers.
- Locate your nearest microlender at www.sba.gov.



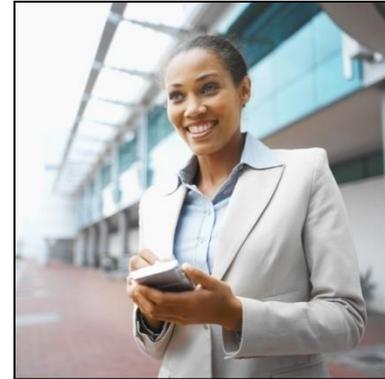
SBA 7(a) Guaranteed Loans

- No more direct lending (for regular business)
- SBA's 7(a), or business loan guaranty, program
- Works in partnership with local, authorized lenders



SBA Financing: How it works

Step 1:
Customer
applies to
Bank.



Step 2: Bank
applies to SBA
for guaranty;
coordinates
paperwork with
customer.



Step 3: If SBA
approves, we
guarantee
repayment in case
customer defaults.





Why get a guaranty?

- Makes financing available:
 - Banks don't usually make loans to startups/young firms
 - Banks don't usually make loans to high-risk industries (e.g., restaurants)
- Longer loan terms permitted
- Benefits for lenders, too



Eligible loan purposes

- Business startups
- Business acquisitions (buy/sell)
- Acquire land (purchase or rent)
- Improve site
- Purchase building
- Renovate building
- Construct building
- Acquire/install fixed assets
- Purchase inventory, supplies, raw materials
- Working capital
- Refinancing - subject to restrictions



Ineligible types of applicants

Including but not limited to:

- Nonprofit businesses
- Passive investments (apartments)
- Pyramid sales distribution (Amway, Avon)
- Businesses which restrict patronage
- Businesses w/ associate who is incarcerated/parole/probation/indicted for felony or crime of moral turpitude



Special Eligibility

- Government-owned entities are generally not eligible for SBA loans.
- A Native American tribe is a governmental entity and is not eligible, but:
- A small business owned in whole or in part by a Native American tribe is eligible if:
 - It establishes that it is a separate legal entity from the tribe and submits the documents authorizing its existence; and
 - The tribe waives sovereign immunity for collateral and collection from borrower, OR agrees to a “sue and be sued” clause specifically naming U.S. Federal courts as “courts of competent jurisdiction.”



7(a) Loan Terms & Conditions

- Maximum permissible loan amount: \$5 million (permanent change)
- Maximum amount guaranteed – 75%, or \$3,750,000



SBA Patriot Express

- Expedited paperwork
- Max loan of \$500,000
- Full extent of SBA guaranty (75 – 85%)
- Eligible applicants include:
 - Veteran (other than dishonorably discharged);
 - Active Duty Military: potential retiree within 24 months of separation and discharging Active Duty member within 12 months of discharge (TAP eligible);
 - Reservist and National Guard;
 - Current spouse of above or spouse of service member or veteran who died of a service-connected disability.



New 7(a) Loan Programs

- Small Loan Advantage: Loans thru commercial lenders, up to \$350,000. Streamlined process; intended to funnel smaller business loans to various audiences, including Native American borrowers.
 - All 7a lenders (usually all banks) can offer.
 - Superior Financial Group (Sue Malone): Loans up to \$25,000 w/ no collateral and 7 yrs. to repay.
 - Celtic Express (Terry Crispen): Loans up to \$150,000. No collateral up to \$25,000. Loans over \$25,000 – best available UCC on business assets.



New 7(a) Loan Programs

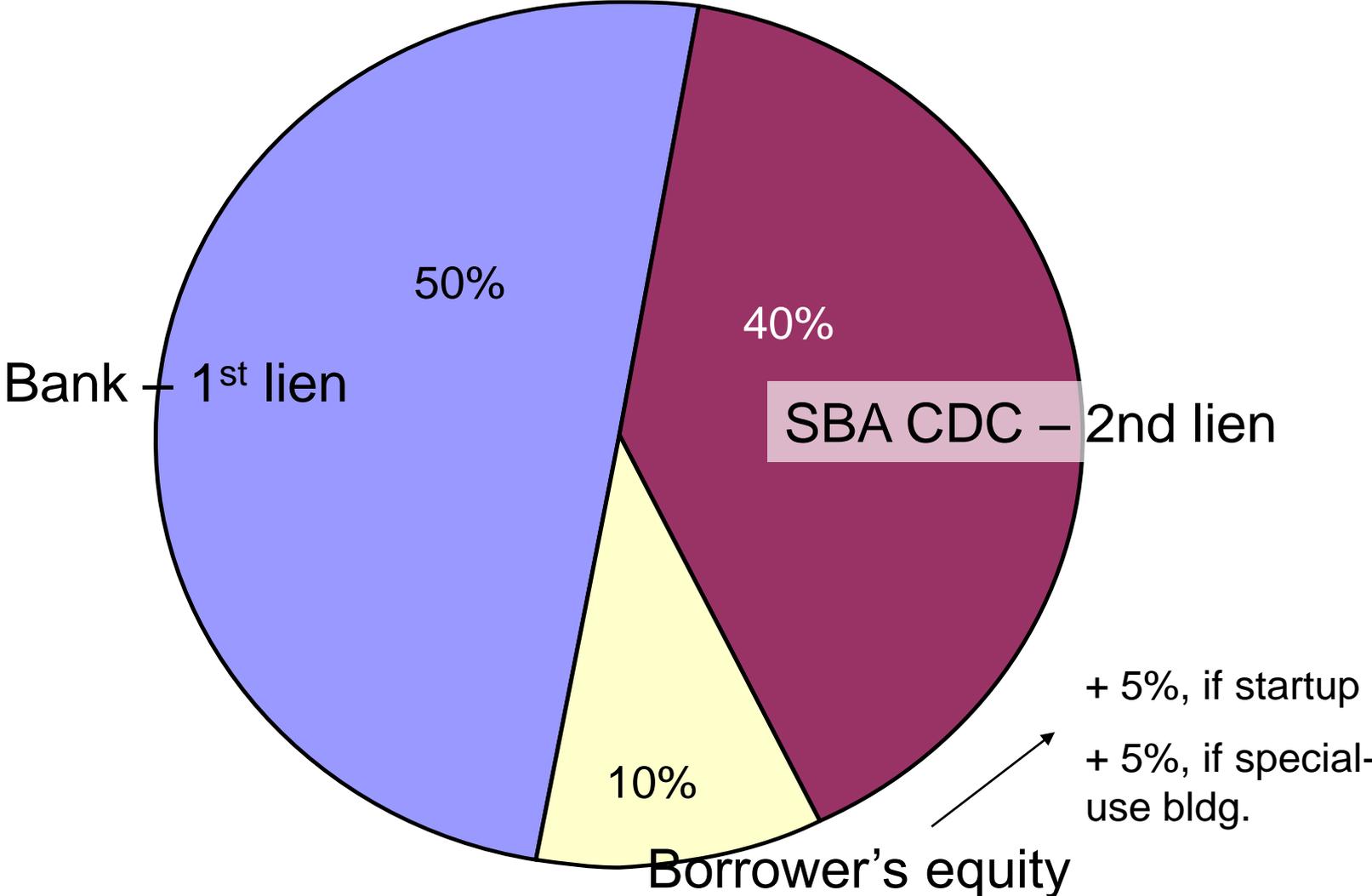
- Community Advantage: SBA now guarantees loans thru CDFIs, nonprofit lenders. Up to \$250,000. Targeted audiences include Native American borrowers. NC examples:
 - Mountain BizWorks in western NC now participates;
 - The Support Center in Raleigh expected to be participating.



The 504 Loan Program

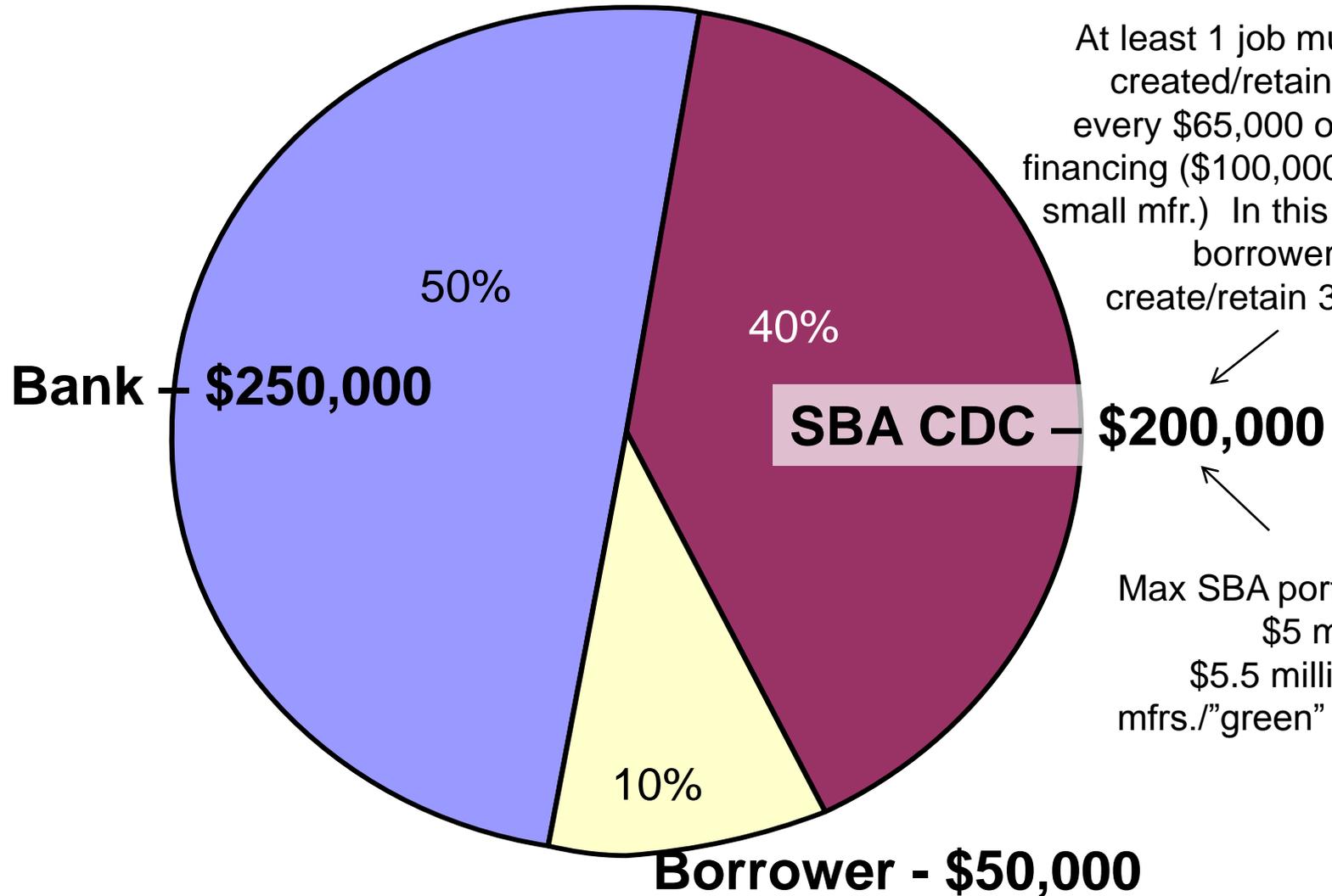
- Long-term, fixed-asset financing (e.g., buying your own building; large machinery)
- Breakdown of financing:
 - 50% = Bank, who takes 1st lien
 - 40% = Cert. Dev. Co./SBA, who takes 2nd lien
 - 10% = Borrower

504 Financing Structure



504 Financing Structure

\$500,000 project; job requirements



At least 1 job must be created/retained for every \$65,000 of SBA financing (\$100,000 for a small mfr.) In this case, borrower must create/retain 3 jobs.

Max SBA portion is \$5 million; \$5.5 million for mfrs./"green" firms.



SBA Government Contracting Programs



Procurement Overview

- The federal government needs/buys everything
- A \$500 billion/year industry (2012)
- Small Business Act targets **23%** of all federal prime contract \$\$ to go to small businesses....



Procurement Overview

- 5 percent of prime and subcontracts for small disadvantaged businesses;
- 5 percent of prime and subcontracts for women-owned small businesses;
- 3 percent of prime contracts for HUBZone small businesses;
- 3 percent of prime and subcontracts for service-disabled veteran-owned small businesses.



Small Business Categories

Determine your status/get certified:

- Small business *
- Veteran-owned small business category *
- Woman-owned small business program
- SBA 8(a) program
- HUBZone program

* Self-certifications = no “registration” or certification is required – i.e., no such thing as being “registered with the SBA as a small business” so be careful about the verbiage you use.



Small Business Categories

Determine if yours is a small business. General size guidelines: www.sba.gov/size

Industry

Max. Size Standard

Agriculture

\$750,000 in
average annual sales

Construction

\$33.5 million in
average annual revenues
(varies for specialty
contractors)



Small Business Categories

(continued)

Industry

Max. Size Standard

Manufacturing

500 employees

Wholesaling

100 employees

Retail

\$7 million annual sales; \$27 million for grocers

Services

\$7 million annual revenues

SBA Veteran-owned Small Business

Veteran owned small business:

- Must be at least 51%-veteran owned
- Veteran-owned small business –also a self-certifying process
- Vet status: individual must have served 180 consecutive days of active duty
- Form DD 214 should reflect this
- V.A. has a separate cert. program for its contracts



SBA Certification Programs

Formal SBA certification programs:

- Woman-owned small business (WOSB) program
- SBA 8(a) program
- Historically Under-utilized Business Zone (HUBZone) program



WOSB Program

Woman-owned small business:

- Must be at least 51%-owned and controlled by woman/women; meet small biz criteria
- WOSBs and Economically Disadvantaged (EDWOSBs)
- Set-asides available
- Complete certification details at www.sba.gov/wosb

Contracting

Getting Started

Working with the Government

> Small Business Certifications & Audiences

- HUBZone Certification
- 8(a) Business Development
- Small Business Certification

Women-Owned Small Business Federal Contract Program

- Veteran & Service-Disabled Veteran Owned
- Native Americans
- Alaskan Owned Corporations
- Native Hawaiian Owned Corporations
- Small Business Innovation Research
- Contracting Support
- Contracting Rulebook
- Service Contract Inventory

Contracting Opportunities

For Contracting Officials

Women-Owned Small Business Federal Contract Program

Latest News Release: February 1, 2011 – SBA Expands Access to Federal Contracting Opportunities for Women-Owned Small Businesses

Memo from the Administrator

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

- Women-owned small businesses (WOSBs) or
- Economically disadvantaged women-owned small businesses (EDWOSBs)

WOSB Program Information

- WOSB Program Fact Sheet
- WOSB Program Frequently Asked Questions or FAQs
- WOSB Program Applicable NAICS Codes
- Compliance Guide for the WOSB Program
- Contracting Officer's Guide for the WOSB Program

Eligibility Requirements

To be eligible, a firm must be at least 51% owned and controlled by one or more women, and primarily managed 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. In order for a WOSB to be deemed "economically disadvantaged," its owners must demonstrate economic disadvantage in accordance with the requirements set forth in the final rule.

WOSB Program Certification

There are two ways to certify for the WOSB program:

SBADirect

The answers you need **start here.**

- Getting Started
- Contracting Opportunities
- Types of Contractors
- Contracting Officials

Your Business ZIP Code

Go

Most Visited Articles In: Contracting

- Getting a D-U-N-S Number
- Identifying Industry Codes
- Contracting of Manufacturing
- Size Protests, Size Determinations, and Appeals

Relevant Media In: Contracting

- Strategies for Growth:



SBA 8(a) Program

8(a) Business Development Program

- Formal certification program
- Two years in business (possible waiver)
- Must be at least 51% owned and controlled by individual(s) who are:
 - Socially disadvantaged
 - Economically disadvantaged
- Nine-year term, then you graduate
- Management training opportunities

About SBA

What We Do

Our People

Our Offices

Our History

SBA Programs

- Financial Assistance
- > Small Business Audiences
 - Native Americans
 - Women
 - **8(a) Business Development**
 - 50+ Entrepreneurs
 - Veterans
 - Minorities
 - Rural Entrepreneurs
- Counseling & Training
- Contracting
- Disaster Assistance
- Advocacy, Laws & Regulations
- Initiatives
- Civil Rights Compliance - CRC

Open Government

Join Our Team

Newsroom

Our Blog

The SBA.gov Website

Policy & Regulations

8(a) Business Development

The **8(a) Business Development Program** is an important resource for small businesses seeking business-development assistance.

Named for Section 8(a) of the Small Business Act, this program was created to help **small and disadvantaged businesses** compete in the marketplace. It also helps these companies gain access to federal and private procurement markets.

What is the Purpose of the 8(a) Business Development Program?

The focus of the program is to provide business development support including:

- Mentoring
- Procurement assistance
- Business counseling
- Training
- Financial assistance
- Surety bonding
- Other management and technical assistance

For more information on the program and its requirements, visit [13 CFR 124 \(8\(a\) Business Development/Small Disadvantaged Business Status Determinations\)](#) as well as the [8\(a\) Business Development](#) page to learn about **benefits, eligibility standards, and goals of the 8(a) Business Development Program**.

Application Process

We recommend that you submit your application or the 8(a) Business Development Program electronically [\(e\)](#), but if you use paper, see the following guidelines.

Paper-Based Applications

SBA Newsroom

- ▶ SBA Re-launches Dealer Floor Plan Pilot Loan Program
- ▶ SBA Announces Contracting Program For Women-Owned Small Businesses
- ▶ SBA Expands 'e200' Emerging Leaders Initiative; Maintains Focus on Underserved Communities

SBA Agency Information

- ▶ Statutory Authority
- ▶ Budget and Performance
- ▶ Strategic Plan, FY2011-2016
- ▶ Inspector General Audits and Investigative Reports
- ▶ Report Fraud, Waste, & Abuse



Tribally-owned 8(a) Applicants

- A tribally owned firm can apply for 8(a) participation under certain conditions.
- Indian tribe means
 - Any Indian tribe, band, nation, or other organized group or community of Indians, including any ANC, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians;
 - Or is recognized as such by the State in which the tribe, band, nation, group, or community resides.



Tribally-owned 8(a) Applicants

- The firm itself must be organized for profit. Articles of inc., etc., must contain sovereign immunity waiver or sue and be sued language designating federal courts w jurisdiction over SBA program matters.
- The tribe must own at least 51% of the firm, or through a wholly owned subsidiary of the tribe.
- Many tribes conduct commercial activities through federally chartered corp under Section 17 of Indian Reorganization Act (segregating tribal business assets & liabilities from those of tribe). Must petition Secretary of Interior to issue corporate charter.



SBA HUBZone Program

HUBZone Program:

- Small business size
- 100% U.S. Citizen-owned (or Native Amer./Hawaiian/Alaskan)
- Principal office w/in HUBZone (includes land within external boundaries of Native American reservations)
- Minimum 35% of employees must live within a HUBZone – does not have to be same one as your main office

Contracting

Getting Started

Working with the Government

> Small Business Certifications & Audiences

HUBZone Certification

- The HUBZone Maps
- Understanding the HUBZone Program
- Applying for the HUBZone Program
- Maintaining the HUBZone Certification
- HUBZone: Latest News and Articles
- HUBZone Area Changes – Information Briefing

- 8(a) Business Development
- Small Business Certification
- Women-Owned Small Business Federal Contract Program
- Veteran & Service-Disabled Veteran Owned
- Native Americans
- Alaskan Owned Corporations
- Native Hawaiian Owned Corporations
- Small Business Innovation Research
- Contracting Support
- Contracting Rulebook
- Service Contract Inventory

Contracting Opportunities

For Contracting Officials

HUBZone Certification

The **Historically Underutilized Business Zones** (HUBZone) program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. These preferences go to small businesses that obtain HUBZone certification in part by employing staff who live in a HUBZone. The company must also maintain a "principal office" in one of these specially designated areas.

Important Notice on Expiration of Redesignated HUBZones on October 1, 2011

- **The HUBZone Maps**
In order to qualify for the HUBZone program, your business must be located in an area designated as a Historically Underutilized Business (HUB) Zones. Additional information about the basics of HUBZone requirements can be...
- **Understanding the HUBZone Program**
The Historically Underutilized Business Zones (HUBZone) Empowerment Contracting program was enacted into law as part of the Small Business Reauthorization Act of 1997. The program falls under the auspices of the U.S. Small Business...
- **Applying for the HUBZone Program**
Before you can apply for the HUBZone program, you must first qualify. To qualify for the program, a business (except tribally-owned concerns) must meet the following criteria: It must be a small business by SBA standards...
- **Maintaining the HUBZone Certification**
If your business is HUBZone certified and there are no changes during your certification, you have no reporting obligations to SBA. However, you must report all "material changes" to SBA because they may affect your...
- **HUBZone: Latest News and Articles**

SBA Direct

The answers you need **start here.**

My Interests:

- Getting Started
- Contracting Opportunities
- Types of Contractors
- Contracting Officials

Your Business ZIP Code

Go

Join the
Community!

Most Visited Articles In: Contracting

- Getting a D-U-N-S Number
- Identifying Industry Codes
- Contracting of Manufacturing
- Size Protests, Size Determinations, and Appeals

SBA PTAC Program (non-SBA)

PTACs can help with...

- Understanding solicitation requirements and terminology
- Locating specifications and standards
- Registering with System for Award Management (SAM)
- Explaining how the federal government uses electronic transactions
- Searching government databases to identify opportunities for your product or service...



Find a PTAC

Member Login

[Call for Presentations - Fall 2013 Conference](#)

Want to sell to the government?

Congress created the Procurement Technical Assistance Program (PTAP) to help businesses seeking to compete successfully in federal, state and local government contracting. Funded through Cooperative agreements between DoD and state/local entities, PTACs provide a range of expert services **at little or no charge**.

- [Find Your PTAC NOW](#). See also:
- [Procurement Training](#) for what we do, and
- [Training Events Calendar](#) for classes and matchmakers

[*New* Braddock's Procurement Opportunities Guide-2013 Edition](#)

For Veterans:
[Federal Contractor Certification Program](#)
[List of FCC Trainers](#)

APTAC is the professional organization of the Procurement Technical Assistance Centers. [Learn more.](#)



Government Contracts for Our Companies

Last year, PTAC's helped clients win over \$14.188 billion in government contracts, creating or retaining over 334,000 jobs!

Find a Procurement Technical Assistance Center

Click on the map below or use our PTAC Search Tool to find the Procurement Technical Assistance Center nearest you:



PTAC Search Tool

Counselor Last Name:

State:

Submit

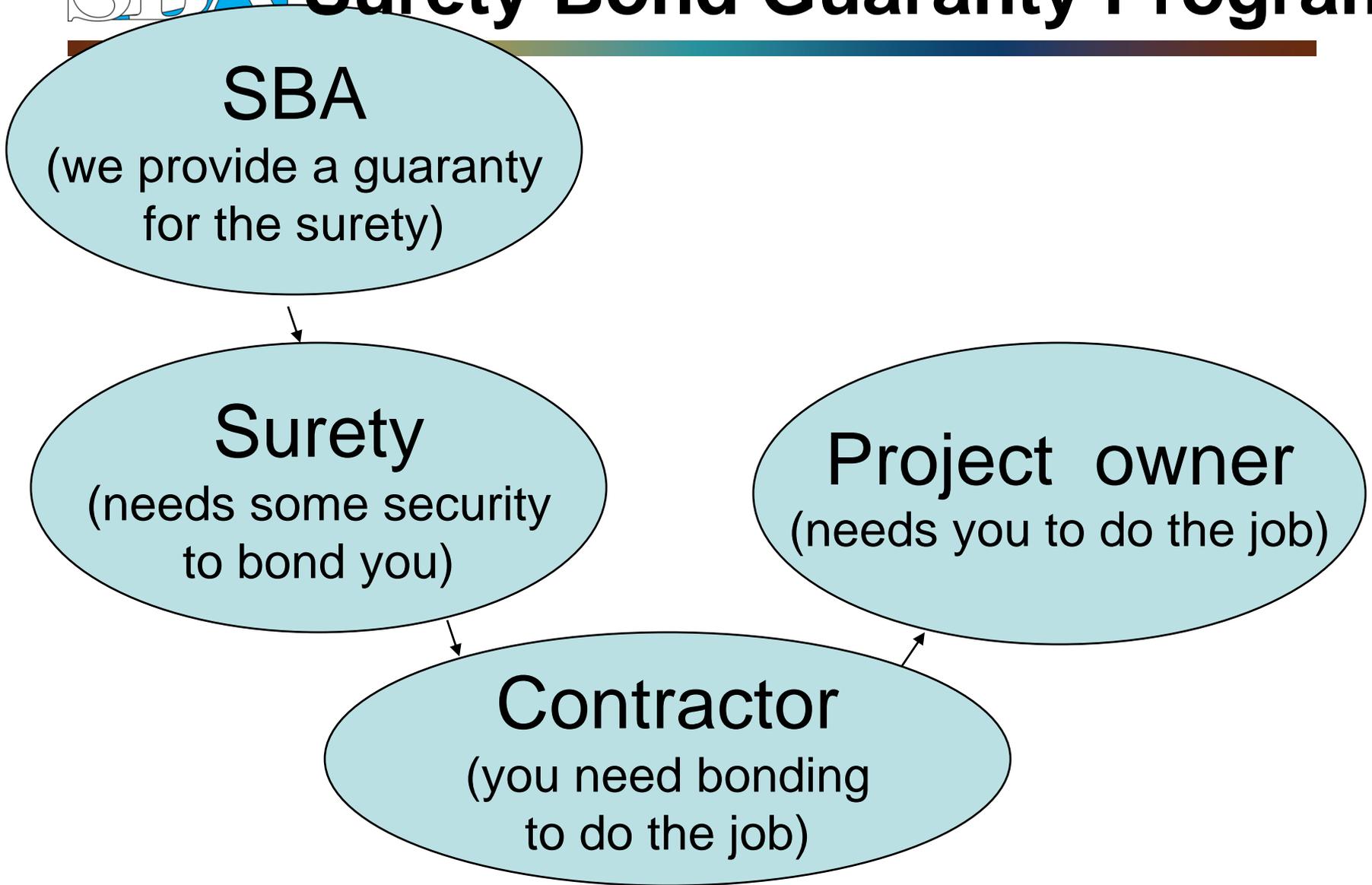
www.aptac-us.org

SBA Surety Bond Guaranty Program

- The Miller Act requires prime contractors bidding on federal projects valued at \$100,000 or more to post a surety bond.
- Almost all public construction projects and some services contracts require bonding.
- Many states, counties and municipalities observe laws similar to the Miller Act., sometimes referred to as “little miller acts.” Likewise, many private sector projects and subcontracts require surety bonds.



Surety Bond Guaranty Program



Surety Bond Guaranty Program

SBA Surety Bond Guaranty Program covers four types of surety bonds:

- Bid bond – guarantees project owner that bidder will enter into contract and furnish payment and performance bonds
- Payment bond – guarantees contractor will pay all persons who furnish labor, materials, equipment or supplies for project
- Performance bond – guarantees contractor will perform contract according to terms, specs and conditions
- Ancillary bond – incidental and essential to contract performance

Surety Bond Guaranty Program

To apply, a contractor must:

- Choose a surety company or bonding agent who represents an SBA surety participant – locatable here: www.sba.gov/osg
- Fill out surety application and SBA forms (provided by agent or at the above Web site), plus credit, capacity, and character information
- Agent then underwrites application and decides whether to execute bond with/without a guaranty
- You can apply online at www.sba.gov/osg

SBA Recap

- Small business advocacy
- Entrepreneurial development
- Financial assistance
- Federal contracting programs