

Business Finance Quick Reference Guide

| Contact | Sierra Economic Development Corporation (SEDCorp) (530) 823-4703 | City of Grass Valley (530) 274-4714 | Contact local participating banks | Contact local participating banks | Contact local participating banks | County of Nevada (530) 265-1423 |
|---------------------|---|---|---|---|---|--|
| Program | SBA Microloan | Community Development Business Loans | SBA 7(a) Loan | SBA 504 Loan | Business and Industry Guaranteed USDA Rural Loans | Community Development Business Loans |
| Loan Size | \$5,000 to \$35,000 | \$5,000 to \$50,000. Larger loans considered on a case- by-case basis The size of the loan is based upon number of jobs created and/or retained as a result of the project | \$50,000 to \$2,000,000 | \$125,000 to over \$10,000,000 | Typical funding is \$1 million to \$10 million | \$20,000 to \$250,000. Larger loans considered on a case- by-case basis The size of the loan is based upon number of jobs created and/or retained as a result of the project |
| Interest Rate | <ul style="list-style-type: none"> ✓ Fixed ✓ Fully Amortized through the term of the loan ✓ Interest rates are set based on risk factors, with rates between 9% to 12% | <ul style="list-style-type: none"> ✓ Interest rate of each loan is based upon the project's need and is set on a case-by-case basis | <ul style="list-style-type: none"> ✓ Variable rate adjusted quarterly ✓ Fully amortized through the term of the loan Interest rates are negotiated between the borrower and the lender subject to SBA maximums of: Prime plus 3.25 percent if the loan maturity is less than 7 years or Prime plus 3.75 percent if the loan maturity is 7 years or more | <ul style="list-style-type: none"> ✓ Fixed ✓ Fully Amortized through the term of the loan ✓ Interest rates are set at an increment above the current market rate for 5-year and 10-year U.S. Treasury issues | <ul style="list-style-type: none"> ✓ Negotiated between business and lender - fixed or variable with no balloon payments | <ul style="list-style-type: none"> ✓ Interest rate of each loan is based upon the project's need and is set on a case-by-case basis |
| Eligible Businesses | <ul style="list-style-type: none"> ✓ Must be for profit business meeting SBA small business criteria ✓ Start up businesses are eligible ✓ SEDD Microloan program only available to businesses located in the California counties of El Dorado, Placer, Nevada, Sierra Plumas, Lassen and Modoc | <ul style="list-style-type: none"> ✓ Must be for profit business meeting CDBG Job Creation criteria ✓ Only available to businesses located within the City limits where funds are available | <ul style="list-style-type: none"> ✓ Determined by industry type ✓ Annual sales not to exceed a range from \$750,000 to \$25 million for retail, service and agriculture ✓ Number of employees not to exceed a range from 100 to 1,000 for wholesale and manufacturing | <ul style="list-style-type: none"> ✓ Business net worth not to exceed \$7 million ✓ Average net profit after taxes for 2 consecutive years not to exceed \$2.5 million OR meet 7(a) requirements | <ul style="list-style-type: none"> ✓ Nonfarm Businesses located in rural areas other than cities of more than 50,000 population and their adjacent urbanized areas | <ul style="list-style-type: none"> ✓ Must be for-profit business, and certain non-profits, meeting CDBG Job Creation criteria. ✓ Available to businesses located within Nevada County. |
| Terms Available | <ul style="list-style-type: none"> ✓ 5 years - equipment, business acquisition ✓ up to 5 years - working capital ✓ All loans are fully amortized ✓ No balloon payments ✓ Deferred or I.O. payments possible | <ul style="list-style-type: none"> ✓ Up to 15 years depending on the type of financing but will not exceed the economic life of the assets being financed | <ul style="list-style-type: none"> ✓ 25 years - real estate ✓ 10 years - equipment, business acquisition ✓ 5 to 7 years - working capital ✓ All loans are fully amortized ✓ No balloon payments | <ul style="list-style-type: none"> ✓ 20 years fully amortized - real estate loan ✓ 10 years fully amortized - equipment loan ✓ No balloon payments | <ul style="list-style-type: none"> ✓ Negotiated between business and lender - fixed or variable with no balloon payments | <ul style="list-style-type: none"> ✓ Up to 20 years depending on the type of financing but not exceeding the economic life of the project. |
| Loan Structure | <ul style="list-style-type: none"> ✓ Can provide 100% loan ✓ Prefer 10% borrower equity ✓ Total project cannot exceed 1:2 ratio of SEDD funds to other borrowed funds | <ul style="list-style-type: none"> ✓ Typical loan will require at least one private dollar for every community loan fund dollar. | <ul style="list-style-type: none"> ✓ 90% bank loan ✓ 10% borrower down payment | <ul style="list-style-type: none"> ✓ 50% bank loan ✓ 40% CDC loan ✓ 10% borrower down payment | <ul style="list-style-type: none"> ✓ Negotiated between business and lender - fixed or variable with no balloon payments | <ul style="list-style-type: none"> ✓ Borrowers are encouraged to match private dollars in a reasonable proportion to the County's loan amount. |

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|-----------------------------|---|---|---|--|--|---|
| Use of Funds | <ul style="list-style-type: none"> ✓ Expand, acquire or start a business ✓ Buy equipment ✓ Provide working capital ✓ Construct leasehold improvements ✓ Purchase inventory ✓ May not be used to purchase real estate | <ul style="list-style-type: none"> ✓ Expand, acquire or start a business ✓ Buy equipment ✓ Provide working capital ✓ Purchase inventory ✓ May be used to purchase real estate | <ul style="list-style-type: none"> ✓ Expand, acquire or start a business ✓ Purchase or construct real estate ✓ Refinance existing business debt ✓ Buy equipment ✓ Provide working capital ✓ Construct leasehold improvements ✓ Purchase inventory | <ul style="list-style-type: none"> ✓ Purchase existing building ✓ Land acquisition and ground up construction (includes soft cost development fees) ✓ Expansion of existing building ✓ Finance building improvements ✓ Purchase equipment | <ul style="list-style-type: none"> ✓ Expand, acquire or start a business ✓ Purchase or construct real estate ✓ Refinance existing business debt ✓ Buy equipment ✓ Provide working capital ✓ Construct leasehold improvements ✓ Purchase inventory | <ul style="list-style-type: none"> ✓ Expand or acquire a business ✓ Buy equipment ✓ Provide working capital ✓ Purchase inventory ✓ Purchase real estate |
| Program Requirements | <ul style="list-style-type: none"> ✓ A requirement of this program is a self certification that the borrower is not more than 60 days delinquent with regard to any child support payment or obligations. | <ul style="list-style-type: none"> ✓ A primary requirement of this program is that jobs be created for the Targeted Income Group (those with household incomes of 80% less than county median income) | <ul style="list-style-type: none"> ✓ 51% owner occupancy required for existing building ✓ 60% owner occupancy required for new construction ✓ All assets financed must be used to the direct benefit of the business | <ul style="list-style-type: none"> ✓ 51% owner occupancy required for existing building ✓ 60% owner occupancy required for new construction ✓ Equipment with a minimum 10 year economic life | <ul style="list-style-type: none"> ✓ Nonfarm businesses located in rural areas other than cities of more than 50,000 population and their adjacent urbanized areas | <ul style="list-style-type: none"> ✓ A primary requirement of the program is that jobs be created, some of which are for the Targeted Income Group (those with household incomes of 80% or less than the County median income) |
| Collateral | <ul style="list-style-type: none"> ✓ Collateral is the subject assets acquired by loan proceeds plus other business or personal assets. ✓ May require pledge of personal residence if equity available ✓ Personal guaranties of the principal owners of 20% or more ownership are required | <ul style="list-style-type: none"> ✓ Collateral is the subject assets acquired by loan proceeds plus other business or personal assets to meet minimum of 100% coverage ✓ May require pledge of personal residence if equity available ✓ Personal guaranties of the principal owners of 20% or more ownership are required | <ul style="list-style-type: none"> ✓ Collateral is the subject assets acquired by loan proceeds ✓ May require pledge of personal residence if equity available ✓ Personal guarantees of the principal owners of 20% or more ownership are required | <ul style="list-style-type: none"> ✓ Generally, the project assets being financed are used as collateral ✓ Personal guaranties of the principal owners of 20% or more ownership are required | <ul style="list-style-type: none"> ✓ USDA guarantees a loan from a willing bank ✓ Business must have strong equity and collateral | <ul style="list-style-type: none"> ✓ Collateral - assets acquired by loan proceeds plus other business or personal assets to obtain adequate coverage for the loan. ✓ May require pledge of real property. ✓ Personal guarantees from principals with 20% or more ownership. |
| Loan Fees | <ul style="list-style-type: none"> ✓ Only out of pocket charges for collateral and/or credit inquiries will be charged. ✓ Technical Assistance is a requirement of the program and annual fees will be charged according to program guidelines, currently a maximum of \$100.00 per year. | <ul style="list-style-type: none"> ✓ Loan fee of 1% of the loan amount | <ul style="list-style-type: none"> ✓ Fees can be financed in the 7(a) loan ✓ Loans \$150,000 and less = 2% ✓ Loans \$150,000 to \$700,000 = 3% ✓ Loans \$700,000 to \$2,000,000 = 3.5% ✓ Loans greater than \$1,000,000 are charged an additional 0.25% for that portion above \$1,000,000 | <ul style="list-style-type: none"> ✓ Fees are financed in the 504 loan ✓ Fees are Negotiated for the 50% bank loan accompanying the 504 loan ✓ Approximate 2.75% fee for the 504 CDC loan plus a fixed fee of \$1,200 for legal review ✓ Weighted average fees for both loans are 2.1% | <ul style="list-style-type: none"> ✓ Negotiated between business and lender | <ul style="list-style-type: none"> ✓ A loan fee may be charged, plus filing fees and credit report fees. |