

Business Finance Quick Reference Guide

Contact	Sierra Economic Development Corporation (SED Corp) (530) 823-4703	City of Grass Valley (530) 274-4714	Contact local participating banks	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 funded. 	<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 Purchase real estate 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 guaranties 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 guaranties 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.