



**U.S. Small Business  
Administration**



# The U.S. Small Business Administration Mission

## Welcome!

The SBA is a Federal Agency that was created to aid, counsel, assist and protect the interests of small businesses. The agency helps Americans start, build and grow businesses through an extensive network of field offices and partnerships with public and private organizations across the Nation.

**Our mission is clear:** to help small businesses grow, expand, recover. We Make Connections, open doors, focus on small businesses, spark change. We are the catalyst for growth —powering the American dream. We are SBA—U.S. Small Business Administration

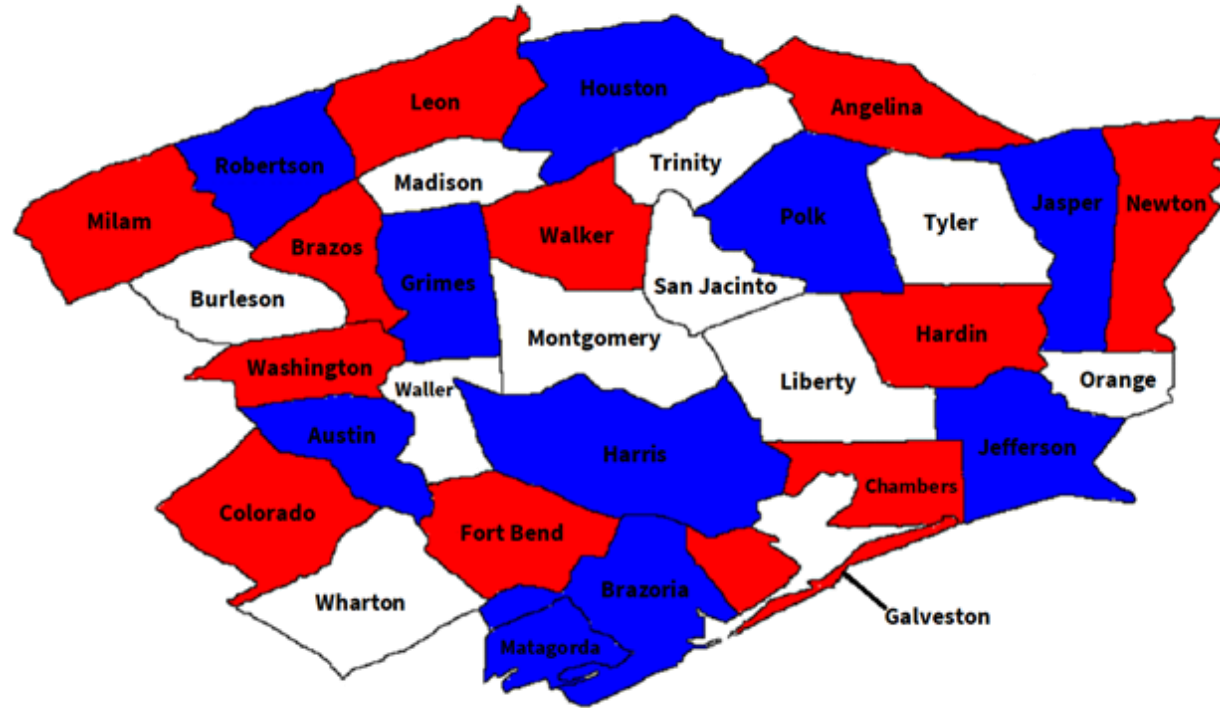
**Learn more at [SBA.gov](https://www.sba.gov)**



# SBA Houston District Office Footprint

## 32 Counties Around Houston

Angelina  
Austin  
Brazoria  
Brazos  
Burleson  
Chambers  
Colorado  
Fort Bend  
Galveston  
Grimes  
Hardin  
Harris  
Houston  
Jasper  
Jefferson  
Leon



Liberty  
Madison  
Matagorda  
Milam  
Montgomery  
Newton  
Orange  
Polk  
Robertson  
San Jacinto  
Trinity  
Tyler  
Walker  
Waller  
Washington  
Wharton

# What is a 'Small' Business?

Qualify as a small business:  
[www.sba.gov/size-standards](http://www.sba.gov/size-standards)

Size Standards Tool



Do you qualify as a small business for government contracting purposes?

START

Size standards vary by industry and are generally based on **the number of employees or the amount of annual revenues the business has.**

- Manufacturing or processing firm with 1,500 employees (refinery, aircraft, oil transportation, airline, delivery service).
- Service firm up to \$47M (oil/gas support, software publishing, radio/TV broadcasting, car rental, trash collection).

# How does the SBA Help?

(4 C's of the SBA)

Counseling



Free business counseling

Capital



SBA guaranteed business loans

Contracting



Federal government contracting

Crisis



Home & business disaster loans

# Counseling - The SBA Resource Partner Network



If you are an aspiring entrepreneur or small business owner looking for:

- **Mentorship and advice** from volunteer real-world business executives—in-person or virtually
- **Search** mentor profiles
- **Free online workshops** and webinars

If you're an aspiring entrepreneur or small business owner looking for:

- **Free business consulting** to get started or grow
- Business Research Assistance
- **Low-cost training** on crucial topics

If you are an aspiring or current woman small business owner looking for:

- **Comprehensive training and counseling** on a variety of topics in several languages
- **Business advice** to level the playing field against unique challenges or obstacles

# Qualify for Federal Contracts with Certifications



The SBA works with federal agencies to award at least 23% of all prime government contracting dollars each year to small businesses that are certified with the **SBA's contracting programs**. Programs include:

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8(a) Business Development Program

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Historically Underutilized Business Zones (HUBZone) Program

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Women-Owned Small Business (WOSB) Program

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Service-Disabled Veteran-Owned Program

Learn more and determine your eligibility at [certify.SBA.gov](https://certify.SBA.gov)

## Who Can Help?

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If you are looking to expand with government contracting, Apex can help:

- **Determine if your business is ready** for federal contracting
  - **Help you register in the proper places** to get involved in the government marketplace
  - **See if you're eligible** for certifications
- 



### Apex Accelerator

1455 West Loop South, Suite 890

Houston, TX 77002

713-752-8477

<https://www.ptac.uh.edu/>

## Crisis - SBA Disaster Assistance Loans

Each year, the SBA provides billions of dollars in low-interest, long-term **disaster loans** to help small businesses, homeowners, and renters recover from declared disasters.

### Loans may cover:



Real Estate



Personal Property



Economic Injury



Machinery & Equipment



Inventory



Active-Duty Military

## Capital - Need a Business Loan to Start, Grow, or Expand?



The SBA works with approved lenders to offer **microloans** and **SBA-backed loans** with:

- Start-up friendly
- Competitive terms
- Lower down payments
- Longer maturities
- Lower risk (for lenders)
- Variety of Loan Programs- 7a, 504, micro, Export





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# Capital: Getting a Business Loan

## What Matters Most to Lenders

No matter who you ask to lend you money, the lender will be looking for:

- A business owner who knows the business, has the ability to run it well, and is willing to work hard to make it succeed.
- A business that is financially sound or, if it is brand new, appears to have the ability to make enough money to pay its bills, give its owner an income and pay back the loan.
- Collateral to cover at least part of their lending risk.
- An investment from the business owner, or equity injection – usually the business owner's own money that gets put into the business to pay for some of the things that it needs.

### Collateral

Something of value – an asset or property – that a borrower pledges when getting a loan.

# What Lenders are Looking for

Lenders look for an applicant that thoroughly addresses what are commonly known as the five C's of Credit





# CHARACTER

**Your personal reputation and general impression you make on your lender; your integrity**

## **A lender considers who you are:**

- Whether you have an account with the bank and whether you have ever had a loan from the bank or other lender
- Management experience in the industry
- Past credit history
- Banking relationship and repayment history



# CAPACITY / CASH FLOW

**Whether your business makes enough money to pay all its bills including the new loan**

The amount of money that you make or expect to make (“cash flow”) should be sufficient to pay all expenses and allow a little extra in case something unexpected comes up.

## Takeaway

**This is the most important of the 5 C’s because it measures whether you can pay back the loan.**



# COLLATERAL / GUARANTEES

**Something of value that you own or will buy with money from the loan that you can “pledge” to secure a loan**

Most lenders also require the business owners to personally guarantee the loan = a promise to repay the loan even if the business fails.





# CAPITAL / CONTRIBUTION

**Business net worth, what the business owns (assets) minus what it owes (liabilities)**

- Includes money you have invested in the business
- Shows your commitment to the business and what you have at risk if the business fails
- A lender expects you to have contributed something to the business (equity injection) – in other words, have some “skin in the game.” Equity injection varies based on the lender or financing source.
- Especially with traditional lenders, lack of equity usually means loan will be turned down



# CONDITION

**Loan conditions that a lender considers when approving your loan**

## **Conditions include:**

- Loan amount
- Interest rate
- What you will use the loan for, for example, to buy fixed assets like real estate or equipment; for inventory; or for working capital; etc.
- How well businesses are doing in your industry
- Competition



## SBA Loan Programs

- The SBA guarantees loans through a lender to provide financing to small businesses. The agency doesn't lend money directly to small business owners; the business owners visit with a banking institution.
- SBA sets guidelines for all its loan programs offered by the lenders, community development financial Institutions, and SBA micro-lenders.
- The SBA guaranty reduces the risk to lenders and makes it easier for small businesses to get access capital.

# How Can an SBA-Guaranteed Loan Help You?



- Start or expand your business
- Use for leasehold improvements
- Working capital for operating expenses



- To renovate your facility
- Purchase inventory, equipment, or machinery
- Purchase land and building
- Export a product or service from the U.S.



## 7(a) Guaranty Loan Program

- The 7(a)-loan program is the SBA's primary program for providing financial assistance to small businesses. The terms and conditions, just like the guaranty percentage and loan amount, may vary by the type of loan.
- General 7(a) Loan, SBA Express Loan, and Micro Loans.
- The SBA **guaranty** varies depending on the program loan type:
  - General 7(a) - 75%; maximum \$5M
  - SBA Express - 50%; maximum loan \$500K
  - Export Working Capital - 90%; maximum \$5M

# SBA 504 Loan Program

- The 504 Loan Program provides small businesses with long-term, fixed-rate financing used to acquire fixed assets (land and building or equipment).
- 504 loans are made available through a Lender and a Certified Development Company (CDC).
- Lender (1<sup>st</sup> Lien)                      50%
- CDC/SBA (2<sup>nd</sup> Lien)                40%
- Borrower's equity                    10%
- Maturity:                                up to 25 years
- Interest rate:                         2<sup>nd</sup> Lien is fixed for the loan's duration

\* *Borrower's equity could be as high as 20% for specific projects.*

# What is a Microloan

A microloan is typically offered to businesses with smaller start-up capital needs, usually less than \$50,000

## **Advantages of microloans –**

Microlenders may be mission-oriented and community-based:

- Have more flexible credit requirements
- Work more closely with their borrowers
- May provide technical help and advice to borrowers
- Understand the conditions in the local community and how that may affect businesses operating there
- Lend in underserved markets that lack the ability to secure traditional financing

## Tips for Achieving Credit-Readiness

- **Good preparation is key** – you should be able to answer (almost) any question your lender asks
- **You MUST know your business plan and financial data** – never rely on someone else to speak for you
- **Full disclosure is required** – address any situations in your business that may appear to be a weakness before the lender raises it
- Make sure that you have a good story to tell about your business and then tell it with enthusiasm

## SBA Resources

**Texas Gulf Coast  
Small Business Development  
Center (SBDC)**  
713-752-8444  
[www.sbdc.uh.edu](http://www.sbdc.uh.edu)

**SCORE Houston**  
713-487-6565  
[www.Houston.score.org](http://www.Houston.score.org)

**WBEA Women's  
Business Center (WBC)**  
713-681-9232  
[www.wbea-Texas.org/womens-  
business-center](http://www.wbea-Texas.org/womens-business-center)

**Greater Houston Women's  
Chamber Women's Business  
Center (WBC)**  
713-782-3777  
<https://ghwcc.org/entrepreneurs/>

**SBA Houston Website**  
[www.sba.gov/tx/houston](http://www.sba.gov/tx/houston)

- Sign up for email updates
- Webinar Schedule
- Resource Guide

**SBA Houston District Office**  
713-773-6500  
[Houston@sba.gov](mailto:Houston@sba.gov)  
Twitter: @SBA\_Houston  
8701 S. Gessner, Suite 1200

**SBA Contacts in your area (if not Houston):** [www.sba.gov/local-assistance](http://www.sba.gov/local-assistance)

## Instructor Contact

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*Deputy District Director*

*U.S. Small Business Administration-Houston District Office*

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## Houston District Office

**Subscribe to our Email Updates at** [www.sba.gov/tx/houston](http://www.sba.gov/tx/houston)

**Phone:** 713-773-6500 | **Email:** [houston@sba.gov](mailto:houston@sba.gov)

**On Twitter:** [@SBA\\_Houston](https://twitter.com/SBA_Houston)



The logo features the letters 'SBA' in a bold, white, sans-serif font. A white bracket is positioned above the letters, and a red bracket is positioned below them. The red bracket is thicker than the white one.

**SBA**

**Questions**



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Please take a minute to let us  
know  
**How are we doing?**

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



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