

Virginia Small Business Financing Authority



Virginia's Small Business Access to Capital

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OBJECTIVES

- Overview the SWaM Microloan Program
- Overview the Child Care Financing Program
- Overview of Cash Collateral and Loan Guarantee Program
- Overview of how to Access Capital



HOW WE CREATE VALUE

Aligned with the Department of Small Business and Supplier Diversity, the Virginia Small Business Financing Authority (VSBFA) is the business and economic development financing engine for small businesses in the Commonwealth.

- We **make direct loans** *to small businesses*, not-for-profits and *economic development authorities* to spur economic growth and expansion
- We **make indirect loans by partnering with banks** to assist them in making loans to small businesses through credit enhancement programs
- Support the **growth** of small businesses, job **creation** and **job retention**



Direct Loan Program

Program Highlights	SWaM Microloan
Loan Limits	<ul style="list-style-type: none"> Loans from \$10,000 up to \$50,000 for Small Businesses
Eligible Applicants	<ul style="list-style-type: none"> Small Business as defined under the VSBFA definition* Businesses in operation for 2 years 650 Minimum Credit Score up to \$25,000 700 Minimum Credit Score up to \$50,000 Business owners receive counseling by SBDC for loans greater than \$10,000
Fees	<ul style="list-style-type: none"> \$100.00 Application Fee (currently waived)
Terms and Conditions	<ul style="list-style-type: none"> Up to 5 years
Interest Rates	<ul style="list-style-type: none"> Fixed - The Wall Street Journal Prime Interest Rate plus 2%
Eligible/ Ineligible Uses:	<p>YES: Fixed assets and general working capital</p> <p>NO: Debt refinance, Residential Real Estate, Passive Real Estate Investment, Change in Ownership (Stock Purchase), Goodwill</p>



Virginia Small Business Owners



Direct Loan Program

Program Highlights	Child Care Financing Program Child Care Center
Loan Limits	<ul style="list-style-type: none"> Loans up to \$150,000
Eligible Applicants	<ul style="list-style-type: none"> Licensed by VDOE Certified by VDOE (preschool only) Religious-exempt
Fees	<ul style="list-style-type: none"> \$100.00 Application Fee (currently waived)
Terms and Conditions	<ul style="list-style-type: none"> Up to 7 years or 84 months
Interest Rates	<ul style="list-style-type: none"> Fixed – 0%
Eligible/ Ineligible Uses:	<p>YES: Quality improvements for health and safety and the overall learning programs, such as playground equipment, resilient playground surfacing, cribs, cots, blankets, cubbies, books, etc.</p> <p>NO: Purchase or improve land, building construction, permanent mortgages, working capital or refinancing debt</p>



Virginia Child Care Centers and Family Home Providers



Direct Loan Program

Program Highlights	Child Care Financing Program Family Home Provider
Loan Limits	<ul style="list-style-type: none"> Loans up to \$10,000
Eligible Applicants	<ul style="list-style-type: none"> Licensed by VDOE or operating under a local ordinance Participating in the Child Care Subsidy Program Voluntarily registered Part of a licensed family system Participating in the USDA Food Program Business owners receive counseling by SBDC
Fees	<ul style="list-style-type: none"> \$25 Application Fee (currently waived)
Terms and Conditions	<ul style="list-style-type: none"> Up to 7 years or 84 months
Interest Rates	<ul style="list-style-type: none"> Fixed- 0%
Eligible/ Ineligible Uses:	<p>YES: Fixed assets such as infant care equipment, playground equipment, educational material</p> <p>NO: Purchase or improve land, building construction, permanent mortgages, working capital or refinancing debt</p>



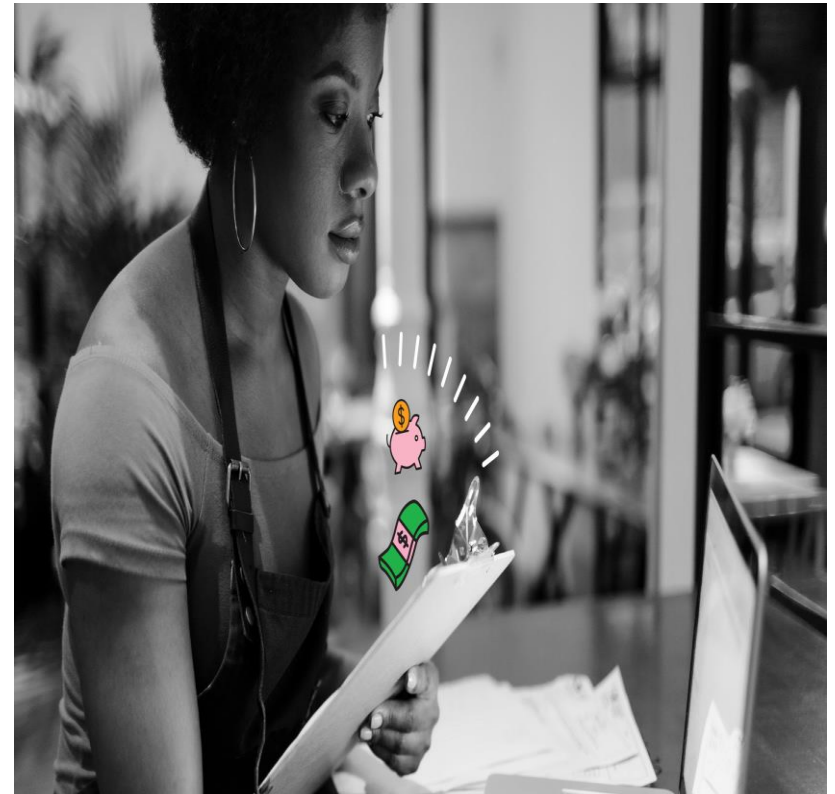
Credit Enhancement Programs

(Partnering with Community Banks)

	Cash Collateral	Loan Guaranty
Program Highlights	<ul style="list-style-type: none"> Cash collateral to fill the gap between Borrower's collateral and Bank financing Cash deposited at the participating Bank 	<ul style="list-style-type: none"> Deficiency guarantee to fill the gap between Borrower's equity or collateral and Bank's financing
Loan Limits	<ul style="list-style-type: none"> Maximum amount is the lower of 40% of the loan amount funded or \$500,000 	<ul style="list-style-type: none"> Maximum guaranty is the lower of 75% of the loan amount funded or \$750,000
Eligible Applicants	<ul style="list-style-type: none"> Small Businesses as defined under the VSBFA definition; or Have 750 employees or less if also operating outside of Virginia 	<ul style="list-style-type: none"> Small Businesses as defined under the VSBFA definition
Fees	<ul style="list-style-type: none"> \$200 Application Fee 1.5% Cash collateral deposit 	<ul style="list-style-type: none"> \$200 Application Fee 1.5% guaranty amount
Terms and Conditions	<ul style="list-style-type: none"> Up to 3 years for working capital line of credit Up to 5 years for term loans 	<ul style="list-style-type: none"> Up to 5 years for credit lines Up to 7 years for term loans



How can Small Business Owners get access to working capital?



Basic Information Lenders Require

1. The certificate of good standing, certificate of fact or equivalent from the Virginia State Corporation Commission.
2. Employer Identification Number from the Internal Revenue Service
3. The most recent 2-3 year business tax returns (Schedule K)
4. The most recent interim financial statements ex: profit and lost, balance sheet and cash flow statements
5. List of current debts- original amount, current balance, monthly payment, terms, interest rate.
6. Operating agreement
7. Articles of organization or incorporation
8. A business plan and your elevator pitch. Be able to describe your business in 3-5 minutes.
9. Know your numbers:
 - a) What is your annual revenue
 - b) What are your expenses
 - c) Where does most of your revenue derive from
 - d) When are your sales low? When are your sales high?
10. Know how much you need to borrow
11. Know how you plan to spend the loan proceeds
12. Know how you are going to service the debt



How to apply for the VSBFA Loan Products

Visit the VSBFA website to review the services:
sbsd.virginia.gov

Email to get an application:
Karen.white@sbsd.Virginia.gov
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CONTACT INFORMATION

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