



# LOAN PROGRAMS & FINANCING OPTIONS

A COMPREHENSIVE LIST OF LOAN PROGRAMS AND  
FINANCING OPTIONS, WITH EMPHASIS ON THOSE  
SERVING WHATCOM COUNTY BUSINESSES

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University  
Small Business  
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## *Cap-Lines Loan*

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### **Program:**

- Working Capital
- Contract
- Seasonal
- Builders

**Maximum amount:** \$5 million

**Percent of guaranty:** 85% guaranty for loans of \$150,000 or less; 75% guaranty for loans greater than \$150,000 (up to \$3.75 million maximum guaranty)

**Use of Proceeds:** Finance seasonal and/or short term working capital needs; cost to perform; construction costs; advances against existing inventory and receivables; or consolidation of short-term debts. May be revolving.

## *SBA Microloan Program*

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Loans under \$50,000

**Website:** <http://www.sba.gov/content/microloan-program>

## *Community Advantage Loan*

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**Program:** Mission focused lenders only. Expires 03/15/17

**Maximum amount:** \$250,000

**Percent of guaranty:** 85% guaranty for loans of \$150,000 or less; 75% guaranty for loans greater than \$150,000 (up to \$3.75 million maximum guaranty)

**Use of Proceeds:** Term Loan. Expansion/renovation; new construction; purchase land or buildings; purchase equipment, fixtures, or lease-hold improvements; working capital; refinance debt for compelling reasons; seasonal line of credit; inventory; or starting a business.

## *Small Loan Advantage (SLA)*

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**Program:** Now the 7(a)-\$350,000 and under model.

**Maximum amount:** \$350,000

**Percent of guaranty:** 85% guaranty for loans of \$150,000 or less; 75% guaranty for loans greater than \$150,000 (up to \$3.75 million maximum guaranty)

**Use of Proceeds:** Term Loan. Expansion/renovation; new construction; purchase land or buildings; purchase equipment, fixtures, or lease-hold improvements; working capital; refinance debt for compelling reasons; seasonal line of credit; inventory; or starting a business.

## *SBA Express*

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Funds start-up and existing businesses

**Website:** <http://www.sba.gov/content/sba-express>

- No collateral required on loans up to \$25,000
- Turnaround time within 36 hours
- Interest rates are negotiable, fixed, or variable; terms up to 7 years
- Loans up to \$350,000 (SBA guarantees up to 50%)

## Small Business Investment Company (SBIC) Program

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**Website:** <http://www.sba.gov/inv>

A program to provide financial assistance to small businesses in need of growth capital, SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses.

## Small Business Innovation Research (SBIR) Program

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Eligible small businesses are those that are American-owned and independently operated; for-profit; where the principal researcher is employed by business; and the company size is limited to 500 employees

**Website:** <http://www.sba.gov/content/small-business-innovation-research-program-sbir>

- Phase I is the startup phase. Awards of up to \$100,000 support exploration of the technical merit or feasibility of an idea or technology for approximately 6 months.
- Phase II awards of up to \$750,000, for as many as 2 years, expand Phase I results. During this time, the R&D work is performed and the developer evaluates commercialization potential.
- Phase III is the period during which Phase II innovation moves from the laboratory into the marketplace. No SBIR funds support this phase.

## Small Business Technology Transfer (STTR) Program

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Phase I is the startup phase. Awards of up to \$100,000 fund the exploration of the scientific, technical, and commercial feasibility of an idea or technology for approximately one year.

**Website:** <http://www.sba.gov/content/small-business-technology-transfer-program-sttr>

- Eligible to American-owned, independently-operated for-profits; company size limited to 500 employees
- Eligible non-profits must be located in the US and be either a nonprofit college or university, a domestic nonprofit research organization, or a federally funded R&D center
- Phase II awards of up to \$750,000, for as long as two years, to expand Phase I results. During this period the R&D work is performed and the developer begins to consider commercial potential. Only Phase I award winners are considered for Phase II.
- Phase III is the period during which Phase II innovation moves from the laboratory into the marketplace. No STTR funds support this phase.

## SBA Disaster Loans

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The SBA provides low-interest disaster loans to homeowners, renters, businesses of all sizes, and private, nonprofit organizations to repair or replace real estate, personal property, machinery & equipment, inventory, and business assets that have been damaged or destroyed in a declared disaster.

**Office:** Disaster Field Operations Center –West  
**Address:** P.O. Box 419004, Sacramento, CA 95841  
**Phone:** (916) 735-1500

**Electronic Loan Application:** <https://disasterloan.sba.gov/ela/>

## Business Physical Disaster Loans

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Any business or private, nonprofit organization that is located in a declared disaster area and has incurred damage during the disaster may apply for a loan to help replace damaged property or restore it to the condition it was in



before the disaster. If your business or private, nonprofit organization - large or small - has suffered physical damage as a result of a disaster, you may be eligible for financial assistance from the U.S. Small Business Administration. SBA makes physical disaster loans of up to \$2 million to qualified businesses or private, nonprofit organizations.

**Website:** <http://www.sba.gov/content/physical-disaster-loans>

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### *Economic Injury Disaster Loans (EIDL)*



If your small business, small agricultural cooperative, small business engaged in aquaculture, or private, nonprofit organization has suffered economic injury, regardless of physical damage, and is located in a declared disaster area, you may be eligible for financial assistance from the U.S. Small Business Administration.

**Website:** <http://www.sba.gov/content/economic-injury-disaster-loans>

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### *Military Reservists Economic Injury Loans (MREIDL)*



The Military Reservist Economic Injury Disaster Loan program (MREIDL) provides funds to help an eligible small business meet ordinary and necessary operating expenses that it could have met, but is unable to meet, because an essential employee was called-up to active duty in their role as a military reservist.

**Website:** <http://www.sba.gov/content/military-reservists-economic-injury-loans>

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## **U.S. Small Business Administration Office of International Trade**



Exporters and indirect exporters (i.e. suppliers of products or services to exporters) are eligible if in operation for at least one year. See 7(a) requirements.

**Contact Name:** Peter J. Cazamias

**Website:** <https://www.sba.gov/offices/headquarters/oit/leadership>

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### *Export Working Capital Program*



- Funds short-term working capital to manufacture and/or purchase goods or services for export (pre-export financing), and for export trade accounts receivables (post-export financing); can be transaction-specific financing or revolving lines of credit
- Loans up to \$2 million with 90% guaranteed

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### *International Trade Loan*



- Provides financing for equipment, facilities, etc. to be used in the United States (fixed asset financing), permanent working capital, and supplies that will be used to expand existing export markets or develop new export markets
- Loans up to \$2 million

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### *SBA Export Express Loan Program*



- Provides transaction-specific financing for overseas orders; revolving lines of credit for export purposes; export development activities, such as participation in a foreign trade show or the translation of product literature for use in foreign markets; standby letters of credit used for bid/performance bonds or prepayment guarantees; and term loans to acquire, construct, renovate, modernize, improve, or expand productive facilities or equipment to be used in the United States in the production of goods or services involved in international trade.
- Exporters and indirect exporters are eligible and applicants must have been in business for at least one year
- Cascade Bank, Banner Bank, Peoples Bank, US Bank, Horizon Bank, and Bank of America have SBA Express Loan processing authority in Whatcom County
- Loans up to \$250,000

### *Assistive Technology Loans*

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- Loans up to \$10,000, interest rate is 5% and loan terms can be up to 5 years

### *Business Equipment Loans*

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- The loan must be used for business equipment or related education/training for full- or part-time employees or business owners.
- You must submit an Employee-Employer Agreement or a Business Plan with a Business Equipment Loan Application. Washington Access Fund staff will help you get started on these items.
- Loans up to \$10,000 with maximum of \$25,000 for well established businesses.
- Loan terms can range up to 5 years. Interest rate 5%

## **Washington Community Alliance for Self-Help (WASHINGTON CASH)**

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An SBA Microloan program that offers several means to gaining capital and assets for businesses, including:

- Peer Loans (\$1,000 - \$5,000)
- Business Builder Loans (\$5,001 - \$35,000)
- Individual Development Account (IDA) matched savings accounts

**Contact Name:** Jennifer Crandall

**Phone:** (206) 352-1945, EXT 6614

**Email:** [jennifer@washingtoncash.org](mailto:jennifer@washingtoncash.org)

**Website:** <http://choosewhatcom.com/financing/washington-community-alliance-for-self-help-washington-cash/>

- Eligible businesses are start-ups or those turned down by a bank, or those that could only get partial funding through the bank
- Funds can be used for start-up expenses, expansions, equipment, inventory, or working capital
- Fixed interest rates, generally around 8-13%; terms up to 6 years
- Loans from \$500 to \$35,000, funding up to 100% of the project (depending on collateral)

## **Washington Economic Development Finance Authority (WEDFA)**

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Offers financing to organizations involved in manufacturing, processing, production of alternative energy, waste disposal, recycling, or water and sewage treatment as well as non-profit and governmental organizations.

**Contact Name:** Rodney Wendt, Executive Director

**Phone:** (206) 587-5634

**Email:** [info@wedfa.org](mailto:info@wedfa.org)

**Website:** [www.wedfa.org](http://www.wedfa.org)

### *Manufacturing and Processing Capital*

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- If your company plans to spend less than \$20 million in total capital costs in the county where the project is located at the time of the bond issue, it is likely to meet this requirement.
- \$10 million limit on tax-exempt bond size
- WEDFA finances capital growth. If you need help with payroll or rent, there are better resources.

### *501(c) (3) Nonprofit Bonds*

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- WEDFA can issue bonds for the capital projects of many corporations with 501(c)(3) status. If your organization falls in that category, you should consider WEDFA for financing.

## Glossary

**Angel Investor Funding** is a group of private equity investors looking to invest in strong local companies (can be start-ups or early stage companies) with the capability to generate outstanding investment returns after a three- to five-year period.

**Crowdfunding** helps entrepreneurs fund small businesses with financing provided by the community. This method of funding is the collective effort of individuals or small groups who pool their resources in order to support the entrepreneurs' initiative. The pooling of resources for crowdfunding is most often done via the Internet. Crowdfunding occurs for a variety of purposes, not just for the start-up entrepreneur, including disaster relief, non-profit organizations, artists, political campaigns, and journalism. Crowd funding is used to informally generate and distribute funds by groups of people for specific social, personal, entertainment, or other purposes.

**Social-Cause Crowdfunding** is for entrepreneurs who are looking to create a positive change in the world. For many, crowdfunding websites can help provide financing and invaluable resources. This type of funding caters to for-profit and non-profit organizations.

**Factoring** is a financial transaction whereby a business sells its accounts receivable (i.e. invoices) to a third party (called a factor) at a discount exchange for immediate funds with which to finance continued business.

- A factor company purchases receivables by issuing an advance payment (usually 70-90% of total value of the receivables) up front.
- After charging a small fee (2% and up), the remaining balance is released upon full receipt of payment for all the receivables/invoices.

**Hard Money Lending** is asset-based financing (real estate secured) and is available on most property types. The lender can be an institution or an individual. Cash flow, credit scores, and other traditional underwriting criteria are typically not a concern for Hard Money Lenders.

**Securities Financing** allows investors to borrow against their securities portfolio to create liquidity. Investors can enjoy the benefits of dual appreciable assets while staying in the market.