



National Marine Manufacturers Association



## *Fact Sheet* **SBA & USDA Financing Options for Marine Businesses**

### **Are you a Small Business? Take a Look at SBA 7(a) Loans**

Small Business Administration (SBA) **7(a) Business Loan** guarantee program may be a viable option for marine businesses to consider when seeking financing for their operations. The SBA works with lenders who structure their own loans by SBA's requirements and who apply to receive a guaranty on a portion of the loan. The maximum loan amount is \$2 million of which 75% is guaranteed by the SBA. The interest rate and guaranty fee vary depending upon an array of factors. The National Marine Bankers Association (NMBA), the National Marine Manufacturers Association (NMMA), and the Marine Retailers Association of America (MRAA) urge marine businesses to contact their bankers for additional information.

**Eligibility:** To be eligible for a SBA 7(a) guaranteed loan a marine business must:

1. Have a need for SBA loan guarantee assistance, *e.g.*, must be unable to secure conventional commercial financing on reasonable terms; and
2. Be a "small business."

For a Marine Dealer (NAICS 441222) "small" means having total annual receipts under \$7 million OR under new interim rules *effective on May 5, 2009* any business is now eligible as "small" if it has **tangible net worth not in excess of \$8.5 million and average net income after Federal income taxes** (excluding any carry-over losses) for the preceding two completed fiscal years **not in excess of \$3.0 million** (13 CFR § 120.301(b)).

For a Boat Builder (NAICS 336612) "small" means having **less than 500 employees** OR under new interim rules *effective on May 5, 2009* any business is now eligible as "small" if it has **tangible net worth not in excess of \$8.5 million and average net income after Federal income taxes** (excluding any carry-over losses) for the preceding two completed fiscal years **not in excess of \$3.0 million** (13 CFR § 120.301(b)).

Approval of an SBA 7(a) guaranteed loan application will depend on the availability of funds, an applicant's particulars, and the financial decisions of the participating lender and of SBA. Please note that *eligibility does not mean automatic application approval*.

**Uses:** SBA 7(a) guaranteed loan proceeds may be used for any worthwhile business purpose, including working capital and the refinancing of existing indebtedness, with very few limitations. Financing a dealership total change in ownership is permissible if the aim is

to preserve the dealership or ensure its continued operational success. Proceeds may also be used to pay the guaranty fee.

**Terms:** SBA's 7(a) loan guaranty may not exceed the lesser of \$1.5 million or 75% of the total loan. (SBA's guaranty may be 85% for loans up to \$150,000.) Generally, the maximum repayment period is 7 years for working capital and 25 years for real estate and equipment. Interest rates are negotiated between the lender and the borrower, up to the applicable maximum allowable SBA interest rate and may be fixed or variable. Repayment terms may be arranged to suit the borrower. Borrowers will benefit from the temporary elimination of fees on 7(a) loans made possible by the American Recovery and Reinvestment Act of 2009.

**Floor Plan Lending:** SBA announced on May 28, 2009 that it will be commencing a Dealer Floor Plan Financing Program. This is a pilot program that SBA expects to have **available by July 1, 2009 through September 30, 2010**. At the end of the pilot initiative SBA will evaluate and determine whether to extend the pilot, terminate the pilot or make it a permanent part of SBA's lending programs.

DFP loans will be available for a minimum of \$500,000 up to the \$2 million allowable under the 7(a) program. With a maximum repayment term of five years, the loans will come with a 75 percent government guarantee. Borrowers will also benefit from the temporary elimination of fees on 7(a) loans made possible by the American Recovery and Reinvestment Act of 2009. DFP loans will be made through SBA lenders and are available for boats and trailers. All loans will be made through SBA lenders.

**Collateral:** A borrower should expect to pledge whatever collateral is reasonably requested and to give such personal guaranties as may be required. The SBA provides guidance to lenders on collateral adequacy.

**Financial Statements:** The standardized, comprehensive financial statements used by the marine industry along with balance sheets, income and retained earnings statements, and subsidiary accounting reports are generally acceptable to SBA participating lenders. In certain situations, lenders may require other financial statements. A discussion of a dealer or boat builder's operations and a plan that demonstrates an ability to repay the loan must be included in the application. While three years of successful business is a general measure of sound prior operations, dealers or boat builders with less than three years experience may still demonstrate reasonable repayment ability.

**Other Funds:** Personal and/or business assets must be used to the fullest extent possible. Private credit must be used if obtainable at reasonable rates and on reasonable terms. If working capital standards are imposed by a manufacturer on a dealer, formulae that compute the minimum acceptable net working capital should be completed by the dealer and may be used to guide loan amounts.

**How to Apply:** The application process begins with a commercial lender. Dealers and boat builders may apply to any financial institution that makes SBA 7(a) guaranteed loans and can get a list of participating lenders from SBA field offices located around the country. The link to the list of SBA-approved 7(a) lenders for most states is available online at: <http://www.sba.gov/localresources/index.html>, choose your state, then **click 'financing.'**

For more information, contact the SBA at (800) 827-5722.

### **Need A Small Boost? Consider the SBA ARC Program**

SBA's America's Recovery Capital Loan Program can provide up to \$35,000 in short-term relief for viable small businesses facing immediate financial hardship to help ride out the current uncertain economic times and return to profitability. ARC loans can be used to make payments of principal and interest, in full or in part, on one or more existing, qualifying small business loans for up to six months. **ARC loans are interest-free** to the borrower, carry a 100 percent guaranty from the SBA to the lender, and require no fees paid to SBA. Loan proceeds are provided over a six-month period and repayment of the ARC loan principal is deferred for 12 months after the last disbursement of the proceeds. Repayment can extend up to five years. The best candidates for ARC loans are small businesses that in the past were profitable but are currently struggling, yet have been making loan payments or are just beginning to miss loan payments due to financial hardship. ARC loans will be offered by some SBA lenders **starting June 15, 2009** and last as long as funding is available or until September 30, 2010, whichever comes first. More information is available at [www.sba.gov](http://www.sba.gov).

### **Located in a Rural Area? Yet Another Option to Consider**

If your business is in a **rural area (under 50,000 in population)** you may qualify for a **U.S. Department of Agriculture Rural Business and Industry Guaranteed Loan**. These loans are also issued through banks and guaranteed by the federal government. Loans may be used for purchase of land, buildings, equipment and permanent working capital. Refinancing debts may also be eligible. Most types of businesses are eligible. The maximum amount of the loan is up to \$25 million. To find out if you are eligible for these loans you can go to: <http://eligibility.sc.egov.usda.gov> or call the representative for your state listed below.

If you are an individual interested in learning how to apply for a USDA Rural Business Service Business and Industry Guaranteed Loan, please contact an Agency representative in your State from the table below. The representative can provide you with information on the program and inform you of local lenders participating in the Business and Industry Guaranteed Loan Program.

STATE	CONTACT	PHONE #	EXT.	FAX #	E-MAIL ADDRESS
AL	Chris Harmon	(334)279-3615		(334)279-3403	<a href="mailto:chris.harmon@al.usda.gov">chris.harmon@al.usda.gov</a>
AK	Dean Stewart	(907)761-7705		(907)761-7783	<a href="mailto:dean.stewart@ak.usda.gov">dean.stewart@ak.usda.gov</a>
AZ	Gary Mack	(602)280-8717		(602)280-8770	<a href="mailto:gary.mack@az.usda.gov">gary.mack@az.usda.gov</a>
AR	Shirley Tucker	(501)301-3280		(501)301-3278	<a href="mailto:shirley.tucker@ar.usda.gov">shirley.tucker@ar.usda.gov</a>
CA	Chuck Clendenin	(530)792-5825		(530)792-5837	<a href="mailto:chuck.clendenin@ca.usda.gov">chuck.clendenin@ca.usda.gov</a>
CO	Leroy W. Cruz	(720)544-2928		(720)544-2981	<a href="mailto:leroy.cruz@co.usda.gov">leroy.cruz@co.usda.gov</a>
CT	(See Massachusetts)				
DE	James E. Waters	(302)857-3625		(302)857-3640	<a href="mailto:jim.waters@de.usda.gov">jim.waters@de.usda.gov</a>
FL	Joe Mueller	(352)338-3482		(352)338-3405	<a href="mailto:joe.mueller@fl.usda.gov">joe.mueller@fl.usda.gov</a>
GA	Karen Bryan	(706)546-2154		(706)546-2152	<a href="mailto:karen.bryan@ga.usda.gov">karen.bryan@ga.usda.gov</a>
HI	Steven Chapman	(808)933-8318		(808)933-8327	<a href="mailto:steven.chapman@hi.usda.gov">steven.chapman@hi.usda.gov</a>
ID	Daryl Moser	(208)378-5615		(208)378-5643	<a href="mailto:daryl.moser@id.usda.gov">daryl.moser@id.usda.gov</a>
IL	Ronald Firkins	(217)403-6217		(217)403-6243	<a href="mailto:ronald.firkins@il.usda.gov">ronald.firkins@il.usda.gov</a>

IN	Dean Edwards	(317)290-3100	427	(317)290-3127	<a href="mailto:dean.edwards@in.usda.gov">dean.edwards@in.usda.gov</a>
IA	Randy Frescoln	(515)284-4714		(515)284-4859	<a href="mailto:randy.frescoln@ia.usda.gov">randy.frescoln@ia.usda.gov</a>
KS	Gary L. Smith	(785)271-2730		(785)271-2708	<a href="mailto:gary.l.smith@ks.usda.gov">gary.l.smith@ks.usda.gov</a>
KY	Jeff Jones	(859)224-7436		(859)224-7425	<a href="mailto:jeff.jones@ky.usda.gov">jeff.jones@ky.usda.gov</a>
LA	John Broussard	(318)473-7960		(318)473-7829	<a href="mailto:john.broussard@la.usda.gov">john.broussard@la.usda.gov</a>
ME	Michael W. Grondin	(207)990-9168		(207)990-9165	<a href="mailto:mike.grondin@me.usda.gov">mike.grondin@me.usda.gov</a>
MD	(See Delaware)				
MA	Daniel Beaudette	(413)253-4318		(413)253-4347	<a href="mailto:daniel.beaudette@ma.usda.gov">daniel.beaudette@ma.usda.gov</a>
MI	Lee Bambusch	(517)324-5157		(517)324-5225	<a href="mailto:lee.bambusch@mi.usda.gov">lee.bambusch@mi.usda.gov</a>
MN	David Gaffaney	(651)602-7814		(651)602-7824	<a href="mailto:david.gaffaney@mn.usda.gov">david.gaffaney@mn.usda.gov</a>
MO	Clark Thomas	(573)876-0995		(573)876-0977	<a href="mailto:clark.thomas@mo.usda.gov">clark.thomas@mo.usda.gov</a>
MT	John Guthmiller	(406)585-2540		(406)585-2565	<a href="mailto:john.guthmiller@mt.usda.gov">john.guthmiller@mt.usda.gov</a>
NE	Roy A. Fordyce	(402)437-5554		(402)437-5408	<a href="mailto:roy.fordyce@ne.usda.gov">roy.fordyce@ne.usda.gov</a>
NV	Herb Shedd	(775)887-1222	19	(775)885-0841	<a href="mailto:herb.shedd@nv.usda.gov">herb.shedd@nv.usda.gov</a>
NH	(See Vermont)				
NJ	Kenneth Drewes	(856)787-7753		(856)787-7783	<a href="mailto:Kenneth.Drewes@nj.usda.gov">Kenneth.Drewes@nj.usda.gov</a>
NM	Mike McDow	(505)761-4956		(505)761-4976	<a href="mailto:mike.mcdow@nm.usda.gov">mike.mcdow@nm.usda.gov</a>
NY	David Schermerhorn	(315)477-6425		(315)477-6438	<a href="mailto:walter.schermerhorn@ny.usda.gov">walter.schermerhorn@ny.usda.gov</a>
NC	Steven Byrd	(919)873-2040		(919)873-2075	<a href="mailto:steve.byrd@nc.usda.gov">steve.byrd@nc.usda.gov</a>
ND	Dale Van Eckhout	(701)530-2040		(701)530-2111	<a href="mailto:dale.vaneckhout@nd.usda.gov">dale.vaneckhout@nd.usda.gov</a>
OH	Jim Cogan	(614)255-2420		(614)255-2559	<a href="mailto:jim.cogan@oh.usda.gov">jim.cogan@oh.usda.gov</a>
OK	Michael Schrammel	(405)742-1060		(405)742-1005	<a href="mailto:michael.schrammel@ok.usda.gov">michael.schrammel@ok.usda.gov</a>
OR	Jeff Deiss	(503)414-3367		(503)414-3385	<a href="mailto:jeff.deiss@or.usda.gov">jeff.deiss@or.usda.gov</a>
PA	Vincent Murphy	(717)237-2189		(717)237-2191	<a href="mailto:vincent.murphy@pa.usda.gov">vincent.murphy@pa.usda.gov</a>
RI	(See Massachusetts)				
SC	Gregg White	(803)765-5881		(803)765-5633	<a href="mailto:gregg.white@sc.usda.gov">gregg.white@sc.usda.gov</a>
SD	Doug Roehl	(605)352-1142		(605)352-1146	<a href="mailto:doug.roehl@sd.usda.gov">doug.roehl@sd.usda.gov</a>
TN	Dan Beasley	(615)783-1341		(615)783-1301	<a href="mailto:dan.beasley@tn.usda.gov">dan.beasley@tn.usda.gov</a>
TX	Pat Liles	(254)742-9780		(254)742-9709	<a href="mailto:pat.liles@tx.usda.gov">pat.liles@tx.usda.gov</a>
UT	Richard Carrig	(801)524-4328		(801)524-4406	<a href="mailto:richard.carrig@ut.usda.gov">richard.carrig@ut.usda.gov</a>
VT	Rhonda L. Shippee	(802)828-6033		(802)828-6018	<a href="mailto:rhonda.shippee@vt.usda.gov">rhonda.shippee@vt.usda.gov</a>
VA	Kent Ware	(804)287-1557		(804)287-1718	<a href="mailto:kent.ware@va.usda.gov">kent.ware@va.usda.gov</a>
WA	Tuana Jones	(360)704-7707		(360)704-7742	<a href="mailto:tuana.jones@wa.usda.gov">tuana.jones@wa.usda.gov</a>
WV	Cheryl Wolfe	(304)284-4882		(304)284-4893	<a href="mailto:cheryl.wolfe@wv.usda.gov">cheryl.wolfe@wv.usda.gov</a>
WI	Mark Brodziski	(715)345-7610		(715)345-7669	<a href="mailto:mark.brodziski@wi.usda.gov">mark.brodziski@wi.usda.gov</a>
WY	Jerry Tamlin	(307)233-6719		(307)233-6727	<a href="mailto:jerry.tamlin@wy.usda.gov">jerry.tamlin@wy.usda.gov</a>
PR	Maria de Jesus	(787)766-5095		(787)766-5844	<a href="mailto:maria.dejesus@pr.usda.gov">maria.dejesus@pr.usda.gov</a>
VI	(See Florida)				

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