SBA LOAN and BOND GUARANTEE PROGRAMS

SBA LOAN PROGRAM:

America's Recovery Capital (ARC) 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. Each small business is limited to one ARC loan.

Loan Structure

- An ARC loan is a deferred-payment loan of up to $35,000.
- ARC loans will be used to make up to six months of principal and interest payments on qualifying loans for *existing viable* for-profit small businesses in the United States.
- Disbursement period (up to six months) is followed by 12 months with no repayment of the ARC loan principal, followed by a repayment period of five years. SBA pays monthly interest to the bank.

How small business owners benefit

- ARC loans are interest-free to the borrower, have deferred payments for 12 months, and have no SBA fees associated with them.
- ARC loans will allow borrowers to redirect cash flow from making loan payments to investing in their businesses.
- Banks will begin investing in small businesses again, making credit more readily available for those businesses that need it.

For more information on the **SBA LOAN PROGRAM** please visit the SBA's website at www.sba.gov, or contact your local Small Business Development Center (locations listed on web page – web address is listed below).

SBA BOND GUARANTEE PROGRAM

Prior Approval Program:

SBA guarantees a surety company between 80 and 90% of the bond amount in the event a small business defaults on the contract. The guarantee rate is 90% if the contact amount is $100,000 or less, or the small business is 8(a) HUBZone or Veteran-owned small business. The guarantee rate is 80% if the contract amount is greater than $100,000 and the small business is not 8(a) HUBZone or Veteran-owned small business. Each bond guarantee application is submitted to SBA by a participating surety company is reviewed and approved by SBA prior to issuance.

Preferred Program:

Under the Preferred Program, participating surety companies are authorized to issue bonds with the SBA guarantee without prior SBA approval. The guarantee rate is 70% and each surety company is subject to an on-site audit at least once every three years.

For more information on the **SBA BOND GUARANTEE PROGRAM** please visit the SBA's website at www.sba.gov, or contact your local Small Business Development Center (locations listed on web page).

Note: For technical assistance to complete either application go to www.buildcalifornia.org

http://www.dot.ca.gov/hq/bep/Civil%20Rights%20Web%20Pages/sbdcdsbllist.htm