

A BEGINNER'S GUIDE TO

# SBA LOANS



In this guide, you will learn about the U.S. Small Business Administration's (SBA) primary loan programs and how they can help you fund your existing or new small business venture.



Presented By:

**Tim Fitzgibbon**

First National Bank  
Senior VP & Business Development Officer



515-273-8901



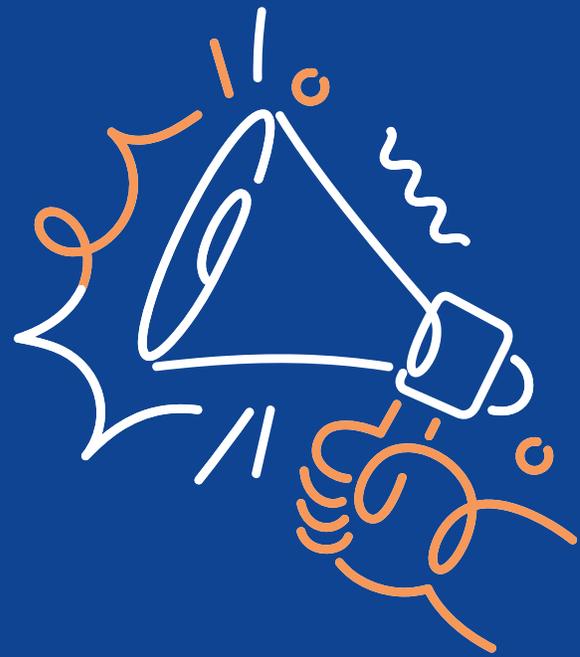
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Tim.Fitzgibbon@FNB247.com

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## The Basics of an SBA Loan

Government-backed SBA financing is offered to small businesses to make funds available at competitive terms when a conventional bank loan is not an option.



## Loan Uses

Small businesses can use SBA financing for a myriad of purposes, including: acquiring, refinancing, or improving real estate; short- and long-term working capital; refinancing business debt; purchasing equipment, furniture, fixtures and supplies; or a complete or partial buy-out of a business.



## Why should consider an SBA loan to finance your small business?

- To secure a longer repayment term to help with cash flow;
- To reduce your loan collateral requirements; and
- When you are a start-up and conventional bank financing is not an option.

# Fact or Fiction

The process of receiving an SBA loan takes a long time and requires a lot of paperwork.

## FICTION

While all commercial loans involve many forms and supporting documentation, SBA loans require very little more than conventional loans. So, generally speaking, it does not take a lot longer to process an SBA loan.



## All SBA loans are processed by the U.S. Small Business Administration

### FICTION

Most SBA loans for small businesses are processed by banks, credit unions, and licensed non-bank lenders. SBA loan proceeds are available in amounts up to \$5 million for eligible small businesses and for legitimate business purposes.

Instead of going directly to the SBA, small businesses go to a participating lender who will loan their own funds using SBA forms and guidelines.

A participating lender, such as First National Bank, will receive a partial government guaranty for the loan, and this allows the bank to approve terms with lower down payment requirements and longer repayment terms.

## An SBA loan requires the borrower to have a level of investment in the business

### FACT

#### Dollar Investment

Banks will typically require a borrower to inject their own cash equal to 10 percent of the requested loan amount.

#### Collateral Investment

Although the bank will look at the borrower's dollar investment in the business as a measure of contributed equity, the bank will also look at the borrower's assets offered as collateral for the loan. The bank may accept other assets outside the business, pledged as additional collateral, in lieu of more cash.



### About Tim Fitzgibbon Senior Vice President, Business Development Officer

Tim joined First National Bank in 2017. He is a graduate of Iowa State University and has over 35 years of experience in finance. Tim leads First National Bank's Small Business Administration lending program.

Tim serves as a Commissioner for the Iowa College Student Aid Commission and is a board member of Employee and Family Resources and the Midwestern Higher Education Compact.

[CONTACT US](#)

Now that you understand the basics of the SBA program, contact Tim to discuss whether an SBA loan or other type of business loan may be the best fit for your financial needs.