

SBA Microloan Loan Program

Small Loans up to \$35,000

<p><i>What It Is</i></p>	<p>The SBA <i>MicroLoan</i> Program provides very small loans to small business start-ups, newly established, or growing small businesses through a network of specially selected intermediaries or <i>Microlenders</i>. Under this program, SBA makes funds available to nonprofit community based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts up to a maximum of \$35,000. The average loan size is about \$5,000. Applications are submitted to the local intermediary and all credit decisions are made by them using their established loan criteria. All intermediaries will require you to complete some form of small business training.</p> <p>The purpose of the program is to assist women, low-income, minority, or rural entrepreneurs, and other individuals possessing the capability to operate successful business concerns; and to assist small business concerns in those areas suffering from a lack of credit due to economic downturn.</p>
<p><i>Who Is Eligible</i></p>	<p>Virtually any type of for-profit business is eligible for a micro loan. The legal form of the business, whether a proprietorship, partnership or corporation, is not a determining factor. It must, however, meet SBA's size standards and type of business at the time of application. Generally, all borrowers applying for this type of loan will fall well within these standards.</p>
<p><i>Applying For A Microloan</i></p>	<p>The first step in applying for a microloan is to contact one of the Arizona Intermediaries on the reverse side of this fact sheet. The Intermediary will provide the details on submitting an application and what technical assistance is available. We suggest you contact all to make sure you understand what each is offering as each Intermediary provides varying programs for small entrepreneurs.</p>
<p><i>Credit Requirements</i></p>	<p>Loan applicants must meet the credit requirements of the intermediary. Generally, applicants are expected to demonstrate good character, strong commitment to their business idea, and have a credit history that demonstrates a reasonable assurance the loan will be repaid. In addition, applicants should have some management expertise or be willing to participate in training designed to strengthen success skills. All will offer classes on how to prepare a Business Plan.</p>
<p><i>Use of Funds</i></p>	<p>Loan funds can be used for normal business purposes such as starting a new business or expanding an existing business. Loan funds can be used for current or future working capital needs, equipment, fixtures, and inventory purchases. These funds may not be used to purchase real estate or make a down payment on a project more than \$35,000. With limited exceptions, loan proceeds may not be used for refinancing of business related debts.</p>
<p><i>Training and Other Criteria</i></p>	<p>Each intermediary is required to provide business based training and technical assistance to its loan borrowers. Individuals and small businesses applying for this type of financing may be required to fulfill training and/or planning requirements before a loan application is considered. The amount and type of training is dependent on a number of variables including if you are new to business, have credit problems, or an experienced small business owner. All will help you complete a business plan for success.</p>

<p><i>Maximum Loan Amount, Terms, and Conditions</i></p>	<p>The maximum term allowed for these loans are six (6) years. However, loan terms vary according to the size of the loan, the planned use of funds, the requirements of the intermediary lender, and the needs of the small business borrower. Interest rates vary, depending upon the intermediary lender and loan costs to the intermediary.</p> <p>The maximum loan amount is \$35,000. If your needs exceed this amount consider revising your business plan to fit your needs or apply for a larger loan under SBA's 7(a) Loan Program. This program is SBA's primary financial assistance program for amounts over \$35,000 but you must qualify for SBA's and the lender's higher credit standards. The SBA reduces risk to lenders by guaranteeing major portions of loans made to small businesses desiring larger loans. This enables the lenders to provide financing to small businesses when funding is otherwise unavailable on reasonable terms. Applications for SBA's 7(a) Loans are obtained from and processed by a lender of your choice. Many participating lenders have branch locations throughout the State of Arizona.</p> <p>If you have concerns about requesting a loan from a bank you should consider asking SBA to "pre-approve" your loan request. Please contact the District Office and ask for the "Loan Officer of the Day." This person will help you with the application. Once approved, we can provide you a list of SBA participating lenders and converting the commitment into a SBA guaranteed loan.</p>
<p><i>Collateral</i></p>	<p>As with any prudent credit standards, collateral requirements for the Microloan Loan Program are set by the local Intermediary Lender. Owners may be required to personally guarantee the loan amount. In most cases, micro loans do not require any collateral or at least partially collateralized by equipment, contracts, inventory, or other property that are purchased with loan proceeds.</p>

SBA MICROLENDERS IN ARIZONA

	Microbusiness Advancement Center	PPEP Microlbusiness	Prestamos CDFI
Contact	Zali Zalkind	Donna M. Beckhorn	Joe Martinez
Address	330 North Commerce Park Loop, Suite 100 Tucson, AZ 85745	820 East 47 th Street Suite B-14 Tucson, AZ 85713	1122 East Buckeye Road Suite B-4 Phoenix, AZ 85034
Phone	(520) 620-1241	(800) 293-2974	(602) 258-9911
FAX	(520) 622-2235	(520) 889-5319	(602) 307-0336
Web and Email Address	www.microbusinessadvancementcenter.org admin@mac-sa.org	www.azsmallbusinessloans.com pmendoza@ppep.org	www.prestamosloanfund.org joe.martinez@cplc.org
Service Area	Pima County	Southern Arizona	Maricopa, Pima, Graham, Gila, Coconino, Mohave, Yavapai and La Paz counties including Native American Reservations of Point of Pines Reservation, Southwestern area of Fort Apache Reservation, Kaibab, Havasupai, Hualapai, and the western portions of the Navajo and Hopi Reservations
Branch Locations	None	116 G Avenue, Suite 5 Douglass, AZ 85607 (520) 364-8565 Ginny Jordan 1860 North State Drive, Suite 3 Nogales, AZ 85621 (520) 287-7442 Olivia Krammer-Ainza 1950 East Juan Sanchez Blvd, Suite A San Luis, AZ 85349 (520) 627-8050 Cecilia Torres	None