

# Division of Economic Development

## September 2011

### Small Business Economic Development Revolving Loan Fund

<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Eligibility for the SBED program includes all communities in the state of Alaska with a population of less than 30,000. Loans in communities of 30,000 or more are available on a limited basis, depending on funds availability. Project must demonstrate new job creation or the retention of existing jobs.</li> </ul>
<b>Loan Size</b>	<ul style="list-style-type: none"> <li>Maximum \$300,000 per project.</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>Start up or expansion of businesses that will create long term employment.</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Direct lender. Requires private funding match of 1.5:1.</li> </ul>
<b>Collateral</b>	<ul style="list-style-type: none"> <li>Loans must be fully collateralized. Lien may be subordinated to private match lender.</li> </ul>
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>Maximum 20 years for fixed assets. Maximum 5 years for working capital.</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Prime - 4%. Fixed rate. Set at time of loan approval. Floor 4.0%. Adjusted quarterly. Currently 4.0%.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>\$200 application fee credited to origination fee if loan is made. 1% origination fee, plus standard closing costs.</li> </ul>

### Rural Development Initiative Loan Fund

<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Loans may be made in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks or with a population of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks.</li> </ul>
<b>Loan Size</b>	<ul style="list-style-type: none"> <li>Maximum \$150,000 for one person or \$300,000 for two or more. No minimum. May receive multiple loans.</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>Start up or expansion of businesses including equipment, real estate, working capital, etc. that will create or retain jobs in eligible areas.</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Direct lender. Requires a commitment of money from other non-state sources.</li> </ul>
<b>Collateral</b>	<ul style="list-style-type: none"> <li>Loans must be fully collateralized.</li> </ul>
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>Maximum 25 years.</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Prime - 1%. Fixed rate. Set at time of loan approval. Floor 4.0%. Adjusted quarterly. Currently 4.0%.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>\$100 non-refundable application fee. 1% origination fee, plus standard closing costs.</li> </ul>

### Commercial Fishing Revolving Loan Fund

<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Alaska resident for the past 2 years.</li> <li>Child support payments must not be past due.</li> <li>Eligibility requirements vary for each loan type.</li> </ul>
<b>Loan Size</b>	<ul style="list-style-type: none"> <li>Loan limits vary for each type; however, the total balances may not exceed \$400,000 for all loan types.</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>PURCHASES: Limited Entry Permits, Quota Shares, Vessels, Gear.</li> <li>VESSEL/GEAR UPGRADES: Engine fuel efficiency upgrades, vessel/gear upgrades, vessel/gear product quality improvement.</li> <li>REFINANCE: Refinances outstanding vessel purchase and/or fishing gear loans.</li> <li>TAX OBLIGATION: Pay off past due IRS obligations.</li> <li>TENDER VESSEL PRODUCT QUALITY IMPROVEMENT: The only loan for non-catcher vessels.</li> </ul>
<b>Collateral</b>	<ul style="list-style-type: none"> <li>The item being financed (limited entry permit, vessel, etc.) will be the collateral for the loan and, generally, a priority lien must be obtained. Loans must be fully collateralized.</li> </ul>
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>Maximum 15 years.</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Prime -2%. Ceiling 10.5%. Floor 3%. Product Quality Improvement and Engine Fuel Efficiency Upgrade Loans. Currently 3%.</li> <li>Prime +2%. Ceiling 10.5%. Floor 3%. For all other Commercial Fishing Loans. Currently 5.5%.</li> <li>Fixed rate. Set at time of loan approval.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>\$100 - \$200 non-refundable application fee. 1% origination fee, plus standard closing costs.</li> </ul>

### Alaska Capstone Avionics Revolving Loan Fund

<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Aircraft receiving equipment upgrade must have flown at least 51% of its flight hours in Alaska over the last year.</li> <li>Aircraft must at a minimum be equipped with an automatic dependent surveillance – broadcast (ADS-B) data link or sign a loan agreement allowing up to 36-months from date of Promissory Note to equip aircraft with ADS-B.</li> </ul>
<b>Loan Size</b>	<ul style="list-style-type: none"> <li>80% of the cost.</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>Automatic Dependent Surveillance – Broadcast (ADS-B) data link;</li> <li>Global Positioning System (GPS)/Wide Area Augmentation System (WAAS) navigation equipment;</li> <li>Moving map multi-function display (MFD), and</li> <li>Other equipment determined by the Department of Commerce in consultation with the Department of Transportation.</li> </ul>
<b>Collateral</b>	<ul style="list-style-type: none"> <li>Loans will be secured by a priority lien on the avionics being financed and on the aircraft in which the avionics will be installed.</li> </ul>
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>Maximum 10 years.</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Fixed at 4.0%.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>\$50.00 non-refundable application fee.</li> <li>Borrower to pay all direct costs incurred in processing of application and closing costs such as title report and recording fees.</li> </ul>

#### JUNEAU OFFICE:

PO Box 34159 Juneau, AK 99803-4159  
 3032 Vintage Blvd. Suite 100, Juneau AK 99801  
 (800) 478-LOAN (5626) (Within Alaska only)  
 Office: (907) 465-2510 Fax: (907) 465-2103

#### WEBSITE:

[www.commerce.state.ak.us/ded/fin/](http://www.commerce.state.ak.us/ded/fin/)

#### ANCHORAGE OFFICE:

550 W 7<sup>th</sup> Avenue, Suite 1770  
 Anchorage, AK 99501-3569  
 (800) 478-LOAN (5626) (Within Alaska only)  
 Office: (907) 269-8150 Fax: (907) 269-8147



## SBA Loan Comparison Chart September 2011

	7(a) Term Loan	SBAExpress	CDC-504 Term Loan
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>For-profit business</li> <li>Must qualify as small by SBA guidelines – size varies by industry</li> </ul>	<ul style="list-style-type: none"> <li>For-profit business</li> <li>Must qualify as small by SBA guidelines – size varies by industry</li> </ul>	<ul style="list-style-type: none"> <li>For-profit business (usually existing)</li> <li>Net worth less than \$7,000,000</li> <li>Net Profit (after taxes) less than \$2,500,000</li> <li>Must create 1 job for each \$50,000 in SBA loan funds</li> </ul>
<b>Loan Size</b>	<ul style="list-style-type: none"> <li>No minimum loan amount</li> <li>Maximum loan is \$2,000,000</li> </ul>	<ul style="list-style-type: none"> <li>No minimum loan amount</li> <li>Maximum loan is \$350,000</li> </ul>	<ul style="list-style-type: none"> <li>SBA's debenture minimum is \$50,000</li> <li>Maximum SBA debenture \$1,500,000 (\$2,000,000 for public policy goals)</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>Land</li> <li>Buildings</li> <li>Equipment</li> <li>Fixtures</li> <li>Inventory</li> <li>Working Capital</li> <li>Business Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>Land</li> <li>Buildings</li> <li>Equipment</li> <li>Fixtures</li> <li>Inventory</li> <li>Working Capital</li> <li>Business Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>Land</li> <li>Buildings (purchase, new construction or renovation)</li> <li>Equipment with useful life of 10 years or more</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Provided by commercial lender</li> <li>SBA can guaranty 85% of lender's loan of \$150,000 or less</li> <li>SBA can guaranty 75% on loans more than \$150,000</li> </ul>	<ul style="list-style-type: none"> <li>Provided by commercial lender</li> <li>SBA can guaranty 50% of lender's loan</li> </ul>	<ul style="list-style-type: none"> <li>50% financing by commercial lender</li> <li>40% financed by SBA through a Certified Development Company</li> <li>Minimum of 10% by borrower (higher for special purpose property and/or new businesses)</li> </ul>
<b>Collateral</b>	<ul style="list-style-type: none"> <li>Generally a 1<sup>st</sup> lien position on assets acquired with loan proceeds</li> <li>Loan must be 100% secured if assets available.</li> </ul>	<ul style="list-style-type: none"> <li>Generally a 1<sup>st</sup> lien on assets acquired with loan proceeds</li> </ul>	<ul style="list-style-type: none"> <li>Private lender holds first mortgage on real estate and 1<sup>st</sup> position on equipment</li> <li>SBA takes second position on project assets</li> </ul>
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>7 to 10 years for working capital and equipment</li> <li>25 years for real estate</li> </ul>	<ul style="list-style-type: none"> <li>Revolving loans up to 7 years.</li> <li>7 to 10 years for working capital and equipment</li> <li>25 years for real estate</li> </ul>	<ul style="list-style-type: none"> <li>SBA debenture 10 years for equipment; 20 years for real estate</li> <li>Private lender must have minimum of 7 years for equipment 10 for real estate</li> </ul>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>Fixed or Variable</li> <li>Maximum of Prime +2.25% for loans with maturity less than 7 years</li> <li>Maximum of Prime +2.75% for loans with maturity of 7 years and over</li> <li>Additional 2% on loans \$25,000 and under; additional 1% on loans \$50,000 &amp; under</li> </ul>	<ul style="list-style-type: none"> <li>Fixed or Variable</li> <li>Maximum of Prime +6.5% on loans less than \$50,000 and Prime +4.5% on loans over \$50,000</li> </ul>	<ul style="list-style-type: none"> <li>Private Lender loan – negotiated between borrower and lender</li> <li>SBA loan – low fixed rate and fixed payment.</li> <li>Loan rate set when debenture is sold</li> </ul>
<b>SBA Fees</b>	<ul style="list-style-type: none"> <li>For loans \$150,000 or less the SBA guaranty fee is 2.0% of the guaranteed portion</li> <li>For loans greater than \$150,000 up to \$700,000 the SBA guaranty fee is 3.0% of the guaranteed portion</li> <li>For loans greater than \$700,000 the SBA Guaranty Fee is 3.5% of the guaranteed portion</li> <li>For loans greater than \$1,000,000 and additional 0.25% guaranty fee is charged on the portion more than \$1,000,000</li> <li>The SBA guaranty fee can be financed with the loan</li> </ul>		<ul style="list-style-type: none"> <li>Contact the local CDC for current fees which are generally less than 3.0% and can be financed with the loan</li> </ul>

<b>US Small Business Administration</b> 510 L St., Suite 310 Anchorage AK 99501  (800) 755-7034 Toll Free (907) 271-4022 (907) 271-4545 Fax (907) 474-4878 Fairbanks (907) 586-8714 Juneau	<b>State of Alaska</b> <b>Division of Economic Development</b> PO Box 34159 Juneau, AK 99803-4159 (800) 478-LOAN (5626) Toll Free (907) 269-8150 Anchorage (907) 269-8147 fax (907) 465-2510 Juneau (907) 465-2103 fax	<b>US Dept. of Agriculture</b> Rural Development Program 800 W. Evergreen Palmer AK 99645  (907) 761-7722 (907) 761-7793 Fax
--	--	--



## USDA Rural Development

September 2011

<b>B&amp;I Loan Guarantee</b>			
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>A legal entity operating in a business-like manner (sole proprietorship, partnership, LLC, cooperative, corporation, non-profit, tribe, etc.).</li> <li>Must be located—or doing business—outside the Municipality of Anchorage.</li> <li>Must meet citizenship requirements (&gt;50% ownership).</li> </ul>		
<b>Loan Size</b>	<ul style="list-style-type: none"> <li>No minimum loan amount.</li> <li>Maximum loan is \$25,000,000.</li> </ul>		
<b>Use of Proceeds</b>	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Real Estate</li> <li>Debt Restructure</li> <li>Equipment</li> <li>Fixtures</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Inventory</li> <li>Working Capital</li> <li>Business Acquisition</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>Real Estate</li> <li>Debt Restructure</li> <li>Equipment</li> <li>Fixtures</li> </ul>	<ul style="list-style-type: none"> <li>Inventory</li> <li>Working Capital</li> <li>Business Acquisition</li> </ul>
<ul style="list-style-type: none"> <li>Real Estate</li> <li>Debt Restructure</li> <li>Equipment</li> <li>Fixtures</li> </ul>	<ul style="list-style-type: none"> <li>Inventory</li> <li>Working Capital</li> <li>Business Acquisition</li> </ul>		
<b>Financing</b>	<ul style="list-style-type: none"> <li>Provided by commercial lender.</li> <li>Guarantee up to 90% for businesses not on the road system, 80% for business on the road system.</li> <li>Guarantee usually reduced for loans above \$5 million.</li> </ul>		
<b>Collateral</b>	<ul style="list-style-type: none"> <li>Loan must be fully collateralized using sound discounts or LTV ratios.</li> </ul>		
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>Term is set by the lender and can be up to:               <ol style="list-style-type: none"> <li>7 years for working capital</li> <li>15 years for equipment</li> <li>30 years for real estate</li> </ol> </li> <li>Loan must fully amortize over the term (no balloon).</li> </ul>		
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>Interest rate is negotiated between the lender and the borrower, can be fixed or variable, and must be comparable to what the lender charges for similar, non-guaranteed loans.</li> </ul>		
<b>Guarantee Fees</b>	<ul style="list-style-type: none"> <li>1% of the guaranteed portion of the loan for those projects not connected to the road system.</li> <li>2% of the guaranteed portion of the loan for those projects connected to the road system.</li> <li>All loans will be charged an annual service fee, currently ¼ of 1% of the guaranteed portion of the principal balance of the loan as of December 31 each year. This fee is set by Rural Development at the time of guarantee and is fixed for the life of the loan.</li> <li>The fee can be financed within the loan.</li> </ul>		



## Division of Economic Development

September 2011

	<b>Rural Development Initiative Fund</b>	<b>Small Business Economic Development RLF</b>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Loans may be made in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks.</li> </ul>	<ul style="list-style-type: none"> <li>Eligibility for the SBED program includes all communities in the state of Alaska with a population of less than 30,000. Loans in communities of 30,000 or more are available on a limited basis, depending on funds availability. Project must demonstrate job creation or retention.</li> </ul>
<b>Loan size</b>	<ul style="list-style-type: none"> <li>Maximum \$150,000 for one person or \$300,000 for two or more. No minimum. May receive multiple loans.</li> </ul>	<ul style="list-style-type: none"> <li>Maximum \$300,000 per project. No minimum.</li> </ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>Start up or expansion of businesses including equipment, real estate, working capital, etc that will create or retain jobs in eligible areas.</li> </ul>	<ul style="list-style-type: none"> <li>Start up or expansion of businesses that will create long term employment, and who are unable to obtain private financing for the entire project.</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Direct lender.</li> </ul>	<ul style="list-style-type: none"> <li>Direct lender; 1.5:1 private funding match.</li> </ul>
<b>Collateral</b>	<ul style="list-style-type: none"> <li>Loans must be fully collateralized.</li> </ul>	<ul style="list-style-type: none"> <li>Loans must be fully collateralized. Lien may be subordinated to private match lender.</li> </ul>
<b>Loan terms</b>	<ul style="list-style-type: none"> <li>Maximum 25 years.</li> </ul>	<ul style="list-style-type: none"> <li>Maximum 20 years for fixed assets. Maximum 5 years for working capital.</li> </ul>
<b>Interest rate</b>	<ul style="list-style-type: none"> <li>Prime - 1%. Fixed rate set at time of loan approval. Currently 4.0% adjusted quarterly.</li> <li>Floor 4.0%.</li> </ul>	<ul style="list-style-type: none"> <li>Prime - 4%. Fixed rate set at time of loan approval. Floor 4.0%. Adjusted quarterly. Currently 4.0%.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>\$100 non-refundable application fee.</li> <li>1% origination fee + standard closing costs.</li> </ul>	<ul style="list-style-type: none"> <li>\$200 application fee credited to origination fee if loan is made.</li> <li>1% origination fee + standard closing costs.</li> </ul>