

The SBA Microloan Program

The SBA Microloan Program gives small business borrowers greater access to loans, providing small businesses with loans up to \$50,000, as well as business-based training and technical assistance. The following answers frequently asked questions regarding the Microloan Program.

FAQ:

Who is Eligible for a Microloan?

Small, for profit businesses, and non-profit day cares

How do I apply for a Microloan?

Applications are filed through intermediary lenders located throughout the United States. You may find a list of intermediary lenders on SBA's webpage at <https://www.sba.gov/content/microloan-program>. You may also contact your local SBA District Office for more information about the program and resources available to you. SBA's District Office contact information is available online at <https://www.sba.gov/tools/local-assistance/districtoffices>.

How much money can I expect from a microloan?

You may borrow up to \$50,000. The average microloan is about \$13,000.

What problems might I have getting a microloan?

Underwriting criteria are dictated by each Intermediary Lender. However, location can be a factor as intermediaries are not located everywhere and may only provide loans to small businesses in their approved operational area. Additionally, in most cases the business owner must be able to provide collateral and a personal guarantee to secure a loan.

What can I use the loan for?

Working capital, inventory, supplies, furniture, machinery, and equipment. You may not use it to purchase real estate.

What are the repayment terms?

Repayment terms are dictated by each Intermediary Lender. Loan terms can extend as far as 6 years and interest rates are generally between 7% and 10%.

Pro Tips:

- The SBA does not review, underwrite, or have the authority to approve or deny a microloan.
- Non-profit childcare centers may receive SBA microloans.
- Loans may not have a balloon payment.
- Microloans may be restructured as long as the total term of the loan does not exceed 72 months.
- Microloans may be refinanced.