



**Helping  
Small Business  
Start, Grow  
and Succeed**

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2009 HAWAII

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*“Everything you need to know about setting up, marketing and managing the revenue of your business.”*

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Printed in the United States of America

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# WELCOME

**A**merica is a country of entrepreneurs. It was built by entrepreneurs, and over the years, our economy has grown on the strength of our entrepreneurs. America has an economy that regenerates, is flexible, and adapts to opportunity. And this is due in large part to the entrepreneurial spirit and drive of small business owners like you.

The U.S. Small Business Administration plays a vital role in enabling America's entrepreneurs and small business owners. Some of America's corporate icons, in fact, received some help from SBA along the way – companies like Intel, Apple, Staples, FedEx, Nike, and Under Armour, to name a few.

Through our wide array of services – loan guaranties, assistance for small businesses in federal contracting, and business counseling – the SBA has helped millions of entrepreneurs start and grow their small businesses. The agency continues to expand our support for small businesses. We currently guarantee more than \$75 billion in loans and investments; our resource partners' network of more than 1,500 centers provide counseling to more than 1 million entrepreneurs every year; and we helped small businesses secure close to \$80 billion in prime federal contracts.

This resource guide is your roadmap to all of our valuable products and services. We hope that you'll read it closely; the SBA team has worked hard to ensure the information here is useful and up to date. In addition, we encourage you to visit your local SBA District Office, which is a great portal to SBA assistance and can help you start and grow your business.

"Our Nation's strength lies in the freedom to pursue dreams and turn ideas into enterprises," President Bush stated recently. "By taking risks and starting new ventures, America's entrepreneurs are creating jobs, growing our economy, and helping secure our country's place as a leader in the global economy."

Entrepreneurs and small business owners will continue to drive our economy, and the SBA and our network of resource partners will continue to enable their success. In the pages of this resource guide, you'll be able to find important information about all of the products and services that the SBA offers to help you.

Running your own business is challenging: the hours are long and the demands are high. But it is also rewarding. As you work to realize your small business dreams, we hope that you'll keep in mind all that SBA can offer, and let us help you succeed.

## About the SBA

[www.sba.gov](http://www.sba.gov)

### Your Small Business Resource

*Every day, the U.S. Small Business Administration and its nationwide network of partners help millions of potential and current small business owners start, grow and succeed.*

*Resources and programs targeting small businesses provide an advantage necessary to help small businesses effectively compete in the marketplace and strengthen the overall U.S. economy.*

#### SBA offers help in the following areas:

- Starting a Business
- Financing a Business

- Growing a Business
- Opportunities in Contracting
- Recovering From Disaster
- A Voice for Small Business in Government

*Visit SBA online at [www.sba.gov](http://www.sba.gov) for 24/7 access to small business news, information and training for entrepreneurs.*

*All SBA programs and services are provided on a nondiscriminatory basis.*

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## Message From The Hawaii District Office

# Rules For Success

Like today's small businesses, large corporate success stories started with only an entrepreneur and a dream.

**T**o turn any entrepreneurial dream into a thriving venture takes vision, stamina and lots of hard work. Owning and operating a small business can be a challenging task for anyone, no matter how seasoned or skilled they may be. With the competitive global marketplace and a fast changing economy, today's small business CEO's often face unexpected hurdles on the path to success. Having your finger on the pulse of your industry, finding the right tools, and knowing what resources are available to you can be crucial to the success of your small business. That's where the U.S. Small Business Administration (SBA) can help you achieve your goals!

This Hawaii Small Business Resource Guide was developed to assist Hawaii's small businesses – existing companies, high impact firms and start ups alike – with a quick reference to the best tools and resources throughout the life cycle of their business. On the pages of this guide, you'll find information on programs and services offered through the U.S. Small Business Administration (SBA) and its partners to support a vital small business community. This guide is tailored to the needs of local ventures.

SBA was created in 1953 to aid, counsel, assist and protect the interests of small

business concerns and to maintain and strengthen the economy. In the Hawaii District Office, we take that commitment seriously and work closely with small business owners and entrepreneurs to develop and adapt our programs and services to address their greatest needs.

SBA is fortunate to have a community of participating lenders that are aware of how critical access to capital is for the small businesses that drive our economy. Through banks, credit unions and certified development corporations, the SBA financing programs and loan guaranties allow financial institutions to provide funds to small businesses when they need it most. Many highly visible and successful businesses have become industry leaders with SBA financing like Ace Auto Glass, Menehune Water, Akimeka LLC, Wilson Homecare, and Cinnamon Girl.

The SBA programs and certifications in the government contracting arena are key development tools for eligible and qualified small businesses. With the 8(a) Business Development program, the Small Disadvantaged Business and Hubzone certifications, and initiatives for women and veteran owned businesses, many significant contracting and subcontracting opportunities with the federal government and military have been directed to our local small businesses.

Through an extensive program of confidential counseling, training, technical assistance and outreach, SBA business specialists are getting information and resources to hard working entrepreneurs across the state. Our Small Business Development Center Networks, Women's Business Centers and SCORE offer business consulting, training in management, business planning, financing, marketing and more. The agency's comprehensive web site, [www.sba.gov](http://www.sba.gov) provides access 24-7 to the latest information, news, and even interactive training through the Small Business Training Network.

With the long hours, decisions, deadlines and a pressure cooker pace, small business owners often discover that the life of an entrepreneur means they often "go it alone." The Hawaii District office can be an important partner in the development of your company. Don't hesitate to call on us to help you build the business of your dreams.

Sincerely,

**Andrew K. Poepoe**

*District Director of  
SBA's Hawaii District Office*

## We Welcome Your Questions

For extra copies of this publication or questions please contact:

Hawaii District Office  
300 Ala Moana Boulevard, Room 2-235  
Honolulu, HI 96850-4981

Tel.: 808-541-2990 Fax: 808-541-2976  
Toll Free: 808-659-7113

Website: [www.sba.gov/hi](http://www.sba.gov/hi)



■ The SBA helps business owners grow and expand their businesses every day.

# Doing Business in Hawaii

## THE HAWAII DISTRICT OFFICE

The Hawaii District Office is responsible for the delivery of SBA's many programs and services. The District Office is located at 300 Ala Moana Boulevard, Room 2-235, Honolulu, HI 96850-4981. Office hours are from 8:00 AM until 4:30 PM, Monday through Friday.

## CONTACTING THE HAWAII DISTRICT OFFICE

For program and service information, please contact the local office at 808-541-2990 or visit the Hawaii webpage at: [www.sba.gov/hi](http://www.sba.gov/hi) for information on resources, small business events, counseling and training opportunities. On-line registration and inquiries can be accepted at the site.

## SERVICES AVAILABLE

Financial assistance for new or existing businesses through guaranteed loans made by area bank and non-bank lenders.

Free counseling, advice and information on starting, better operating or expanding a small business through SCORE, Small

Business Development Centers (SBDC) and Women's Business Centers (WBC). They also conduct training events throughout the district - some require a nominal registration fee.

Assistance to businesses owned and controlled by socially and economically disadvantaged individuals through 8(a) Government Contracting/Business Development Program as well as the HUBZone and Small Disadvantaged Business (SDB) Certifications.

A Women's Business Ownership Representative is available to assist women business owners. Please contact Jane Sawyer at 808-541-2990 ext. 205 or e-mail: [jane.sawyer@sba.gov](mailto:jane.sawyer@sba.gov).

Special loan programs are available for businesses involved in international trade.

A Veterans Affairs Officer is available to assist veterans. Please contact David Brown at 808-541-2990, ext. 215 or e-mail: [david.brown@sba.gov](mailto:david.brown@sba.gov).

## HAWAII

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## SUCCESS STORY

### Leather Soul Stepping Out With Style

Young Entrepreneur Tracks Trends and Top Quality

Despite Hawaii's challenging retail business environment, Thomas Park has established his men's footwear store, Leather Soul, as a destination for the successful and discerning shoe connoisseur. Opened in 2004, his store features hard to find, premier brands from shoemakers like Alden, J.M. Weston and Edward Green and offers a high level of customer service to those clients that frequently seek out the shop based on reputation or referrals. He prides himself on the product and industry knowledge he has gained by visiting manufacturers and participating in the design and development process. He continuously works to build new

skills in management, marketing and finance, further assuring the potential for long term success. Investing his personal savings to open the doors of his first location in downtown Honolulu, Park has a long term vision for the success of his small business and he included SBA financing in that plan. An SBA loan provided the foundation for his next entrepreneurial move - leasing and creating an exciting new shop in Waikiki. With annual revenues almost doubling each year, Leather Soul has grown from a vulnerable start up company to a highly sought after tenant joining the upscale retail mix at the renovated Royal Hawaiian Shopping Center.

U.S. Small Business Administration

# SBA SMALL BUSINESS GREEN INITIATIVE



[www.sba.gov/energy](http://www.sba.gov/energy)

SBA loan guaranty programs help small businesses finance energy efficiency improvements. Check out federal tax savings for energy improvements for the 2008 tax year.

All SBA programs and services are provided on a nondiscriminatory basis.



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# INTRODUCTION

# GETTING STARTED

The SBA Can Help You Start And Expand Your Own Business



Every day the U.S. Small Business Administration and its nationwide network of resource partners help millions of potential and current small business owners start, grow and succeed.

Whether your target market is global or just your neighborhood, the U.S. Small Business Administration and its partners can help at every stage of turning your entrepreneurial dream into a thriving business.

If you're just starting, the SBA and its resources can help you with loans and business management skills. If you're already in business, you can use the SBA's resources to help manage and expand your business, obtain government contracts, recover from disaster, and have your voice heard in the federal government.

You can access SBA help online 24 hours a day at [www.sba.gov](http://www.sba.gov) or visit one of our local offices for assistance.

## Resources To Get You Started

Our resources include the SBA's district offices serving every state and territory, nearly 400 offices of SCORE – Counselors to America's Small Businesses, more than 1,000 Small Business Development Centers primarily located on college campuses, and approximately 114 Women's Business Centers located across the country. More information about SCORE, SBDCs and the WBCs is detailed later in this publication, or you can click on [www.score.org](http://www.score.org),

<http://www.sba.gov/aboutsba/sbaprograms/bdc/index.html> for SBDCs or [www.sba.gov/services/](http://www.sba.gov/services/) and choose "Women's Business Centers from the "Counseling & Assistance" heading at the bottom.

These professionals can also help you with writing a formal business plan, locating sources of financial assistance, managing and expanding your business, finding opportunities to sell your goods or services to the government, recovering from disaster or acting as advocates for small businesses with Congress and regulatory agencies.

The SBA has programs for helping special audiences, such as women and veterans, become small business owners.

Most new business owners who succeed have planned for every phase of their success. Thomas Edison, the great American inventor, once said, "Genius is 1 percent inspiration and 99 percent perspiration." That same philosophy also applies to starting a business.

First, you'll need to generate a little bit of perspiration deciding whether you're the right type of person to start your own business.

## IS ENTREPRENEURSHIP FOR YOU?

In business, there are no guarantees. There is simply no way to eliminate all the risks associated with starting a small business - but you can improve your chances of success with good planning, preparation, and insight. Start by evaluating your strengths and weaknesses as a potential owner and manager of a small business. Carefully consider each of the following questions:

- Are you a self-starter? It will be entirely up to you to develop projects, organize your time, and follow through on details.
- How well do you get along with different personalities? Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers, and professionals such as lawyers, accountants, or consultants. Can you deal with a demanding client, an unreliable vendor, or a cranky receptionist if your business interests demand it?
- How good are you at making decisions? Small business owners are required to make decisions constantly - often quickly, independently, and under pressure.
- Do you have the physical and emotional stamina to run a business? Business ownership can be exciting, but it's also a lot of work. Can you face six or seven 12-hour workdays every week?
- How well do you plan and organize? Research indicates that poor planning is responsible for most business failures. Good organization — of financials, inventory, schedules, and production — can help you avoid many pitfalls.

## ON THE UPSIDE

It's true, there are a lot of reasons not to start your own business. But for the right person, the advantages of business ownership far outweigh the risks.

- You get to be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- A new venture is exciting.
- Earnings and growth potential are far less limited.
- Running a business will provide endless variety, challenge and opportunities to learn.

## EVALUATE

### Start by evaluating your strengths and weaknesses

#### 1. Are you a self-starter?

It will be up to you – not someone else telling you – to develop projects, organize your time and follow through on details.

#### 2. How well do you get along with different personalities?

Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers, lawyers, accountants and consultants. Can you deal with a demanding client, an unreliable vendor or a cranky staff person?

#### 3. How good are you at making decisions?

Small business owners are required to make decisions constantly, often quickly, under pressure.

#### 4. Do you have the physical and emotional stamina to run a business?

Business ownership can be challenging, fun and exciting. But it's also a lot of hard work. Can you face 12-hour workdays six or seven days a week?

#### 5. How well do you plan and organize?

Research indicates many business failures could have been avoided through better planning. Good organization – of financials, inventory, schedules, production – can help avoid pitfalls.

- Is your drive strong enough? Running a business can wear you down emotionally. Some business owners burn out quickly from having to carry all the responsibility for the success of their business on their own shoulders. Strong motivation will help you survive slowdowns and periods of burnout.
- How will the business affect your family? The first few years of business start-up can be hard on family life. It's important for family members to know what to expect and for you to be able to trust that they will support you during this time. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk in the short-term.

Once you've answered those questions, you should consider what type of business you want to start.

## FRANCHISING

There are more than 3,000 franchised businesses. The challenge is to decide on one that both interests you and is a good investment. Many franchising experts suggest that you comparison shop by looking at multiple franchise opportunities before deciding on the one that's right for you.

Some of the things you should look at when evaluating a franchise: profitability, effective financial management and other controls, a good image, integrity and commitment, and a successful industry.

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In the simplest form of franchising, while you own the business, its operation is governed by the terms of the franchise agreement. For many, this is the chief benefit for franchising. You are able to capitalize on a business format, trade name, trademark and/or support system provided by the franchisor. But you operate as an independent contractor with the ability to make a profit or sustain a loss commensurate with your ownership.

If you are concerned about the risk involved in a new, independent business venture, then franchising may be the best business option for you. Remember that hard work, dedication and sacrifice are key elements in the success of any business venture, including franchising.

For more information visit the SBA Web site at:

<http://www.sba.gov/smallbusinessplanner/start/> and click on "Buy a Franchise" from the menu on the right side; or visit the Franchise Registry at [www.franchiseregistry.com/](http://www.franchiseregistry.com/) or call your local SBA office.

## HOME-BASED BUSINESS CONSIDERATIONS

Going to work used to mean traveling from home to a plant, store or office. Today many people do some or all their work at home.

Garages, basements and attics are being transformed into the corporate headquarters of the newest entrepreneurs – the home-based business person.

### Getting Started

Before diving headfirst into a home-based business, you must know why you are doing it. To succeed, your business must be based on something greater than a desire to be your own boss. You must plan and make improvements and adjustments along the road.

Ask yourself these questions – and remember, there are no best or right reasons for starting a home-based business. But it is important to understand what the venture involves.

Working under the same roof where your family lives may not prove to be as easy as it seems. It's important to work in a professional environment. One suggestion is to set up a separate office in your home to create this professional environment.

### Ask yourself:

- Can I switch from home responsibilities to business work?
- Do I have the self-discipline to maintain schedules?
- Can I deal with the isolation of working from home?
- Am I a self-starter?

## Finding Your Niche

Choosing a home business must be approached carefully.

### Ask yourself:

- Does my home have the space for a business?
- Can I identify and describe the business I want to establish?
- Can I identify my business product or service?
- Is there a demand for that product or service?
- Can I successfully run the business from home?

## Legal Requirements

A home-based business is subject to many of the same laws and regulations affecting other businesses.

### Some general areas include:

- Zoning regulations. If your business operates in violation of them, you could be fined or shut down.
- Product restrictions. Certain products cannot be produced in the home. Most states outlaw home production of fireworks, drugs, poisons, explosives, sanitary or medical products and toys. Some states also prohibit home-based businesses from making food, drink or clothing.

Be sure to consult an attorney and your local, city and state departments of labor to find out which laws and regulations will affect your business. Additionally, check on registration and accounting requirements needed to open your home-based business. You may need a work certificate or license from the state. Your business name may need to be registered with the state. A separate business telephone and bank account are good business practices.

Also remember, if you have employees you are responsible for withholding income and social-security taxes, and for complying with minimum wage and employee health and safety laws.

If you're convinced that working from home is for you, it's time to create your business plan. The SBA and its resource partners, such as SCORE, SBDCs and WBCs can help make the process easier.

## REACHING UNDERSERVED AUDIENCES

### Women Business Owners

Women entrepreneurs are changing the face of America's economy. In the 1970's, women owned less than five percent of the nation's businesses. Today, they are at least equal owners of nearly half the nation's businesses and are majority owners of about a third of all small businesses. SBA serves women entrepreneurs nationwide through its various programs and service, some of

which are designed especially for women. Many of these are overseen by SBA's Office of Women's Business Ownership.

Women's business ownership representatives in every SBA district office coordinate services for women, helping them access appropriate training, counseling, mentoring, federal contracting opportunities, financing, and more. They can also provide information on other local resources, including SBA resource partners and lenders.

The SBA's Women Business Centers are a nationwide network of 114 community-based centers that provide business training, counseling, mentoring and other assistance geared to women, particularly those who are socially and economically disadvantaged. To meet the needs of women entrepreneurs, the WBCs offer their services at convenient times and locations. Some offer child care during training and many provide assistance and materials in different languages, depending on the needs of the individual communities they serve. Classes are either free or offered at a small fee, and scholarships are often available to those who need them. A number of WBCs also provide courses and counseling via the Internet, mobile classrooms and satellite locations.

Both SBA district offices and women's business centers offer mentoring roundtables. If there is not an existing roundtable nearby, women's business centers may be able to help women entrepreneurs set them up.

To find the nearest women's business ownership representative or women's business center, and to learn more about SBA programs and services, visit the Office of Women's Business Ownership at [www.sba.gov/women](http://www.sba.gov/women).

### Hawaii Women's Business Center

Small Business Resource Center  
1041 Nu'uuanu Ave., Ste. A  
Honolulu, HI 96817  
808-526-1001 • 808-550-0724 Fax  
[www.hwbc.org](http://www.hwbc.org)

### American Samoa Women's Business Center

P.O. Box 6849  
Pago Pago, AS 96799  
684-699-8739 • 684-699-6579 Fax

## VETERANS BUSINESS DEVELOPMENT

The SBA offers a variety of services to American veterans who have made or are seeking to make the transition from service member to small business owner. Each of SBA's 68 district offices throughout the country has designated a Veterans Business Development Officer to help veterans prepare, plan and succeed in entrepreneurship. The Veterans Business

Outreach Center Program provides online and face-to-face entrepreneurial development services such as business training, counseling and mentoring to eligible veterans owning or considering starting a small business. SBDCs and SCORE also provide targeted management assistance to veterans who are current or prospective small business owners. SCORE also provides resources and counseling services online at: [www.score.org](http://www.score.org).

The SBA offers special assistance for activated Reserve and National Guard members and the small businesses they work in or own. Any self-employed Reserve or Guard member with an existing SBA loan can request from their SBA lender or SBA district office, loan payment deferrals, interest rate reductions and other relief after they receive their activation orders.

The SBA offers special low-interest-rate financing to small businesses when an owner or essential employee is called to active duty. The Military Reservist Economic Injury Disaster Loan Program provides loans to eligible small businesses to cover operating costs that cannot be met due to the loss of an essential employee called to active duty in the reserves or National Guard. Small businesses may apply for MREIDLs of up to \$1.5 million if they have been financially impacted by the loss of an essential employee. The SBA has created a special Web page specifically for Reserve and Guard members at: <http://www.sba.gov/aboutsba/sbaprograms/reservists/index.html>.

To ensure that veterans, service-disabled veterans and Reserve and National Guard member entrepreneurs receive special consideration in all its entrepreneurial programs and resources, the SBA has established a fully staffed Office of Veterans Business Development. OVBD develops and distributes various informational materials for entrepreneurship such as the Veterans Business Resource Guide, VETGazette, Getting Veterans Back to Work, and various other materials. Veterans may access these resources and other assistance from OVBD by visiting the Web site at: [www.sba.gov/VETS/](http://www.sba.gov/VETS/).

For more information or special assistance with government contracting, including programs for veterans and service-disabled veterans, please check the Contracting Opportunities section of this publication, and the Web site above.

SBA's Patriot Express Initiative has new and enhanced programs and services for veterans and members of the military community wanting to establish or expand small businesses. See the Financing section for more information on Patriot Express.

## WEBSITE

### Business plan help

The nearest SCORE chapter can be located at: [www.score.org](http://www.score.org). For business plan help at the SCORE Web site, click on "Business Tools" from the left-hand menu, then click on "Template Gallery."

You can find the nearest VBOC at: [www.sba.gov/vets](http://www.sba.gov/vets).

To find WBCs, click on: [www.sba.gov/services/](http://www.sba.gov/services/) and choose "Women's Business Centers" from the "Counseling and Assistance" heading at the bottom.

You can also find business-plan help on the SBA's Web site at: <http://www.sba.gov/smallbusinessplanner/> then choose "Writing a Business Plan" from the "Plan Your Business" menu along the bottom.)

## NATIVE AMERICAN BUSINESS DEVELOPMENT

The SBA is also working to ensure that entrepreneurship opportunities are available for American Indians, Native Alaskans and Native Hawaiians seeking to create, develop and expand small businesses. These groups have full access to the necessary business development and expansion tools available through the agency's entrepreneurial development, lending and procurement programs. More information is at: <http://www.sba.gov/aboutsba/sbaprograms/naa/index.html>

## WRITING A BUSINESS PLAN

After you've thought about your business, the next step is to develop a business plan. The business plan is a formal document explaining in some detail your plans to develop a financially successful business. It's vitally important for two reasons:

- Preparing a business plan forces you to think through every aspect of your business. If you need outside money, your business plan will be one of the first things the lender or investor wants to see.
- A business plan serves as an assessment tool for you.

A comprehensive business plan is not done on the spur of the moment. It can be a long process, and you need good advice. The SBA and its resource partners, including Small Business Development Centers located on many college campuses, Veterans Business Outreach Centers, SCORE, Counselors to America's Small Business, and Women's Business Centers, have the expertise to help you craft a winning business plan.

You can find the nearest SBDC at: <http://www.sba.gov/aboutsba/sbaprograms/sbdc/index.html>.

## IN GENERAL, HERE'S WHAT A GOOD BUSINESS PLAN CONTAINS:

### Introduction

- Give a detailed description of the business and its goals.
- Discuss ownership of the business and its legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over competitors.

### Marketing

- Discuss the products and services your company will offer.
- Identify customer demand for your products and services.
- Identify your market, its size and locations.
- Explain how your products and services will be advertised and marketed.
- Explain your pricing strategy.

### Financial Management

- Develop an expected return on investment and monthly cash flow for the first year.
- Provide projected income statements, and balance sheets for a two-year period.
- Discuss your break-even point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide "what if" statements addressing alternative approaches to problems that may develop.

### Operations

- Explain how the business will be managed day-to-day.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements, and issues pertinent to your business.
- Account for the equipment necessary to produce your goods or services.
- Account for production and delivery of products and services.

### Concluding Statement

Summarize your business goals and objectives and express your commitment to the success of your business. Once you have completed your business plan, review it with a friend or business associate or SCORE counselor or Small Business Development Center representative or Women's Business Center representative.

Remember, the business plan is a flexible document that should change as your business grows.

## SCORE

SCORE is a 10,500-member volunteer nonprofit association which operates under a cooperative agreement with the U.S. Small Business Administration. SCORE, with more than 40 years experience helping small businesses succeed, matches volunteer

business-management counselors with clients in need of expert advice. SCORE has experts in virtually every area of business management and maintains a national skills roster to help identify the best counselor for a particular client. Volunteer counselors, whose collective experience spans the full range of American enterprise, share their management and technical expertise with both current and prospective small business owners.

Most SCORE volunteers are retired business owners or managers, though some members are still actively employed. Volunteers work in or near their home communities to provide management counseling and training to first-time entrepreneurs and current small business owners. They meet with clients at a SCORE chapter office, an SBA office or at the client's place of business.

Every effort is made to match a client's needs with a counselor who is experienced in a comparable line of business. All individual and team counseling is free; there may be a nominal fee for workshops and seminars.

Through in-depth counseling and training, SCORE volunteers help prospective and established small business owners and managers identify problems, determine the causes and find solutions.

Any small business can obtain help from SCORE. Whether you are considering starting your own business, have a business that is experiencing problems, are ready to expand, or need some other type of advice, SCORE can help. The approach is confidential and personal. You don't need to be applying for or have an SBA loan to participate in the program. In fact, an idea is all that is necessary; consultation and counseling before a business start-up is an important part of SCORE's service.

## SCORE

U.S. Small Business Administration  
300 Ala Moana Blvd., Rm. 2-235  
Honolulu, HI 96840  
808-547-2700

## Maui County Business Resource Center

70 Kaahumanu Ave., Unit B-9  
Kahului, HI 96732  
808-873-8247

For more information on SCORE in the Hawaii District, visit: [www.hawaii.score.org](http://www.hawaii.score.org)

## SCORE's Presence on the Internet

SCORE can also be found on the Internet at [www.score.org](http://www.score.org). SCORE's presence on the Internet makes it possible to reach more small business clients than ever with online mentoring and counseling services.

Business owners are now turning to the technology of the Web to fulfill their needs

for information and advice. SCORE is primed to meet their requests for help by offering e-mail counseling, maps to local SCORE chapters, hotlinks to other business resources on the Internet and more at the click of a mouse. E-mail counseling is provided by the Cyber-chapter, which now includes more than 1,200 online members. You can choose from almost 800 unique skills to find the cybercounselor who best suits your individual needs, including special counseling for veterans, service-disabled veterans and Reserve component members. Log on to SCORE's Internet site at [www.score.org](http://www.score.org) to take advantage of the many services SCORE has to offer your business.

## SMALL BUSINESS DEVELOPMENT CENTERS

As the SBA's largest non-finance program, Small Business Development Centers meet the needs of small businesses and promote economic development in local communities by helping to create and retain jobs. Partially funded by a cooperative agreement with SBA, SBDCs meet the counseling and training needs of more than 650,000 start-ups or existing business clients annually.

SBDCs provide services such as development of business plans, manufacturing assistance, financial packaging assistance, contracting assistance and international trade assistance. Special emphasis areas include e-commerce, technology transfer, IRS, EPA and OSHA regulatory compliance, research and development, Defense Economic Transition Assistance, disaster recovery assistance and market research. Based on client needs, SBDCs tailor their services to meet the evolving needs of the local small business community.

SBDCs deliver management and technical assistance to prospective and existing small businesses using an effective business education network of 63 lead centers and more than 1,000 service-center locations contracted to manage a broad-based SBDC program. SBDCs are located throughout the U.S., District of Columbia, Guam, Puerto Rico, American Samoa and the U.S. Virgin Islands.

There are specialized programs for small businesses owned by individuals who are socially and economically disadvantaged, women, veterans, Reservists, people with disabilities and persons in low- and moderate-income urban and rural areas.

For more information, visit the Web site at: [www.sba.gov/aboutsba/sbaprograms/sbdc/index.html](http://www.sba.gov/aboutsba/sbaprograms/sbdc/index.html).

## Hawaii Small Business Development Center Network – Lead Center

308 Kamehameha Ave., Ste. 201  
Hilo, HI 96720  
808-974-7515 • 808-974-7683 Fax  
[www.hawaii-sbdc.org](http://www.hawaii-sbdc.org)

## Hawaii Island SBDC Center

100 Pauahi St., Ste. 109  
Hilo, HI 96720  
808-933-0776 • 808-933-0778 Fax

## Kauai SBDC Center

Kauai Community College  
3-1901 Kaunualii Hwy.  
Lihue, HI 96766  
808-241-3148 • 808-241-3229 Fax

## Maui SBDC Center

Maui Research & Technology Center  
590 Lipoa Pkwy., Ste. 130  
Kihei, HI 96753  
808-875-2402 • 808-875-2452 Fax

## Honolulu SBDC Center

1833 Kalakaua Ave., Ste. 400  
Honolulu, HI 96815  
808-945-1430 • 808-945-1432 Fax

## Hawaii Business Research Library

Maui Research & Technology Center  
590 Lipoa Pkwy., Ste. 136  
Kihei, HI 96753-6900  
808-875-2400 • 808-875-2406 Fax  
Neighbor Islands toll-free: 800-509-3100  
[www.hbrl-sbdc.org](http://www.hbrl-sbdc.org)

Resource information, counseling and training are also available for small businesses in the Pacific Region through the following organizations:

## Pacific Islands SBDC Network

University of Guam, College of Business  
Mangilao, GU 96923  
671-735-2590 • 671-734-2002 Fax  
[www.pacificsbdc.com](http://www.pacificsbdc.com)

## American Samoa Small Business Development Center

American Samoa Community College  
P.O. Box 2609  
Pago Pago, AS 96799  
684-699-4830 • 684-699-8636 Fax  
[www.as-sbdc.org](http://www.as-sbdc.org)

## U.S. EXPORT ASSISTANCE CENTER (USEAC)

U.S. Export Assistance Centers, which consist of SBA staff and the U.S. Department of Commerce in a single location, provide trade promotion and export-finance assistance for small businesses. The USEACs also work closely with other federal, state and local international trade organizations. To find the USEAC nearest to you, go to: <http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/useac/index.html>.

## Martin Selander

Regional Manager  
International Trade Programs  
U.S. Export Assistance Center  
3300 Irvine Ave., Ste. 305  
Newport Beach, CA 92660-3198  
949-660-1688 ext. 115 • 949-660-1338 Fax  
[martin.selander@sba.gov](mailto:martin.selander@sba.gov)

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## REGULATIONS

# KNOWING THE RULES

Paying Attention to Detail Can Save Time and Money



**I**t may be inconceivable to you that your home-based consulting service or hand-knit sweater business would have to comply with any of the numerous local, state, and federal regulations, but in all likelihood it will. Avoid the temptation to ignore regulatory details. Doing so may avert some red tape in the short term, but could be an obstacle as your business grows. Taking the time to research the applicable regulations is as important as knowing your market. Below is a checklist of the most common requirements that affect small businesses, but it is by no means exhaustive. Bear in mind that regulations vary by industry. If you're in the food service business, for example, you will have to deal with the health department. If you use chemical solvents, you will have environmental compliances to meet. Carefully investigate the regulations that affect your industry. Being out of compliance could leave you unprotected legally, lead to expensive penalties and jeopardize your business.

### State of Hawaii Basic Business Application

Completing the State of Hawaii Basic Business Application, which is available from the Business Action Center, Department of Taxation, and the Department of Commerce and Consumer Affairs, can fulfill many of the requirements outlined below. The kit consolidates into one document registration for various State tax and employer licenses

and permits, including general excise, withholding, and unemployment insurance.

Website: [www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

Forms: [www.hawaii.gov/tax/](http://www.hawaii.gov/tax/)

Other: [www.businessregistration.com](http://www.businessregistration.com)

### BUSINESS.GOV

Business.gov is the official business link to the U.S. government providing a one-stop shop for federal resources from the federal government agencies that regulate or serve businesses.

Business.gov's new "Permit Me" feature provides a single source for obtaining federal and state permits and professional licenses for businesses. While most businesses in the United States are required to obtain a permit, professional license, or identification number to operate, finding the right license can be a major challenge for potential business owners.

"Feature Topics" focuses on common business concerns. It provides context to the compliance information provided on the site and helps business owners understand in plain language the regulatory requirements their businesses face. Additional topics will be added on a regular basis in response to the most frequent searches on the site.

The Content Partners Program formalizes relationships with government agencies, trade associations and professional organizations to develop compliance assistance tools and resources for small- and medium-sized businesses. Partner organizations provide domain specific

compliance information featured on the site's Feature Topics and Compliance Guides pages. Business.gov is managed by the SBA in partnership with 21 other federal agencies. You're just a computer click away from help 24-hours a day at: [www.business.gov](http://www.business.gov).

### BUSINESS ORGANIZATION

There are many forms of legal structure you may choose for your business. The most common structures are Sole Proprietorships, General and Limited Partnerships, C and S Corporations and Limited Liability Companies. Each legal structure offers organizational options which are appropriate for different personal situations and which affect tax and liability issues. We suggest you research each legal structure thoroughly and consult a tax accountant and/or attorney prior to making your decision.

### CHOOSING YOUR BUSINESS STRUCTURE

You may operate your business under one of many organizational structures. The most common organizational structures are sole proprietorships, general and limited partnerships, "C" and "S" corporations and limited liability companies.

Each structure offers unique tax and liability benefits. If you're uncertain which format of business is right for you, contact your local SBA office, SBDC, SCORE or WBC for assistance.

#### Sole Proprietorship

One person operating a business as an individual is a sole proprietorship. It's the most common form of business organization. Profits are taxed as income to the owner personally. The personal tax rate is usually lower than the corporate tax rates. The owner has complete control of the business, but faces unlimited liability for its debts. There is very little government regulation or reporting.

#### General Partnership

A partnership exists when two or more persons join together in the operation and management of a business. Partnerships are subject to relatively little regulation and are fairly easy to establish. A formal partnership

is recommended to address potential conflicts such as, who will be responsible for performing each task; what, if any, consultation is needed between partners before major decisions, what happens when a partner dies, and so on. Under a general partnership each partner is liable for all debts of the business. Profits are taxed as income to the partners based on their ownership percentage.

### Limited Partnership

Like a general partnership, a limited partnership is established by an agreement between two or more individuals. However, there are two types of partners.

- A general partner has greater control in some aspects of the partnership. For example, only a general partner can decide to dissolve the partnership. General partners have no limits on the dividends they can receive from profit so they incur unlimited liability.
- Limited partners can only receive a share of profits based on the proportional amount on their investment, and the liability is similarly limited in proportion to their investment.

### “C” Corporation

A “C” corporation is a legal entity created under State law by the filing of articles of incorporation. A corporation is a separate entity having its own rights, privileges and liabilities, apart from those of the individual(s) forming the corporation. It’s the most complex form of business organization and is comprised of shareholders, directors and officers. Since the corporation is an entity in its own right it can own assets, borrow money and perform business functions without directly involving the owners. Corporations are subject to more government regulation and it offers the owners the advantage of limited liability, but not total protection from lawsuits.

### Subchapter “S” Corporation

Subchapter “S” references a special part of the Internal Revenue Code that permits a corporation to be taxed as a partnership or sole proprietorship, with profits taxed at the individual, rather than the corporate rate. A business must meet certain requirements for Subchapter “S” status. Contact the IRS for more information.

### LLCs and LLPs

The limited liability company is a relatively new business form. It combines selected corporate and partnership characteristics while still maintaining status as a legal entity distinct from its owners. As a separate entity it can acquire assets, incur liabilities and conduct business. It limits liability for the

owners. LLC owners risk only their investment, not personal assets. The limited liability partnership is similar to the LLC, but it is for professional organizations.

## BUSINESS LICENSES

There are many types of licenses, both state and local as well as professional. Depending on what you do and where you plan to operate, your business may be required to have various state and/or municipal licenses, certificates or permits.

Licenses are typically administered by a variety of state and departments. Consult your state or local government for assistance.

### County Requirements

Each of Hawaii’s four counties requires licenses for certain occupations and business activities. The requirements are different in each county. On Oahu, the Business Action Center can assist you with the requirements specific to your business. The Department of Commerce and Consumer Affairs has now posted more information and some applications on their website, available 24 hours a day, seven days a week.

Website: [www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

### Business Action Center

1130 N. Nimitz Hwy., Ste. A-220  
Honolulu, HI 96817  
808-586-2545  
[www.hawaii.gov/dcca/areas/bac](http://www.hawaii.gov/dcca/areas/bac)  
Hawaii 974-4700 ext. 6-2545  
Kauai 274-3141 ext. 6-2545  
Maui 984-2400 ext. 6-2545  
Molokai & Lanai 800-468-4644 ext. 6-2545

## FICTITIOUS BUSINESS NAME

Registering your business name, after doing a search to make sure that it is not already in use, protects you from others who might be using the same name. For more information, contact the county clerk’s office in the county where your business is based. Website: [www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

## BUSINESS INSURANCE

Like home insurance, business insurance protects the contents of your business against fire, theft and other losses. Contact your insurance agent or broker. It is prudent for any business to purchase a number of basic types of insurance. Some types of coverage are required by law, other simply make good business sense. The types of insurance listed below are among the most commonly used and are merely a starting point for evaluating the needs of your business.

**Liability Insurance** – Businesses may incur various forms of liability in conducting their normal activities. One of the most common types is product liability, which may be incurred when a customer suffers harm from using the business product. There are many other types of liability, which are frequently related to specific industries. Liability law is constantly changing. An analysis of your liability insurance needs by a competent professional is vital in determining an adequate and appropriate level of protection for your business.

**Property** – There are many different types of property insurance and levels of coverage available. It is important to determine the property you need to insure for the continuation of your business and the level of insurance you need to replace or rebuild. You must also understand the terms of the insurance, including any limitations or waivers of coverage.

**Business Interruption** – While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business Interruption (or “business income”) insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational.

**“Key Man”** – If you (and/or any other individual) are so critical to the operation of your business that it cannot continue in the event of your illness or death, you should consider “key man” insurance. This type of policy is frequently required by banks or government loan programs. It also can be used to provide continuity in operations during a period of ownership transition caused by the death or incapacitation of an owner or other “key” employee.

**Automobile** – It is obvious that a vehicle owned by your business should be insured for both liability and replacement purposes. What is less obvious is that you may need special insurance (called “non-owned automobile coverage”) if you use your personal vehicle on company business. This policy covers the business’ liability for any damage which may result for such usage.

**Officer and Director** – Under most state laws, officers and directors of a corporation may become personally liable for their actions on behalf of the company. This type of policy covers this liability.

**Home Office** – If you are establishing an office in your home, it is a good idea to contact your homeowners’ insurance company to update your policy to include coverage for office equipment. This coverage is not automatically included in a standard homeowner’s policy.

## General Excise Tax License

Every person or company intending to do business in Hawaii, including every individual who is self-employed or who hires employees, must apply for a General Excise Tax Identification Number. This number is assigned by the State Department of Taxation and identifies each business for tax filing, withholding and paying purposes. The General Excise Tax license is Hawaii's equivalent of other states' business licenses. A one-time licensing fee is assessed when application is filed. For more information, contact:

### State Department of Taxation

Taxpayer Services Branch  
830 Punchbowl St.  
Honolulu, HI 96813  
808-587-4242  
[http://hawaii.gov/tax/a1\\_forms.htm](http://hawaii.gov/tax/a1_forms.htm)

## EMPLOYER IDENTIFICATION NUMBER

An EIN, Form SS-4, also known as a federal tax identification number, is used to identify a business entity. Generally all businesses need an EIN. You may apply for an EIN in a variety of ways, including online, phone, fax. Taxpayers can call a toll-free number, 800-829-4933, to get an EIN. Internal Revenue Service customer service representatives are available to answer calls Monday through Friday, from 7:30 a.m. to 5:30 p.m. customer's local time.

Taxpayers can fax EIN requests seven days a week/24 hours a day by dialing the fax number to one of three IRS Campus' that accept applications. The instructions on the newly revised Form SS-4, Application for Employer ID Number, indicate which IRS Campus is assigned to their specific state. Detailed information and an electronic SS-4 can be found at the IRS Small Business/Self Employed Community Web site at: <http://www.irs.gov/businesses/small/index.html>, click on New Businesses. Faxed applications are processed in four days. The IRS Campus' accepting faxed applications are:

<b>Holtsville, NY</b>	<b>631-447-8960</b>
<b>Cincinnati, OH</b>	<b>859-669-5760</b>
<b>Philadelphia, PA</b>	<b>215-516-3990</b>

IRS accepts third party Form SS-4's. Tax practitioners complete the new "Third Party Designee" section on their client's behalf by obtaining the client's signature on Form SS-4. IRS no longer requires that practitioners file a Form 2848, Power of Attorney or Form 8821, Tax Information Authorization to get an EIN for their clients.

For businesses in Hawaii, call the Business and Specialty Tax Line from 7:30 a.m. to 5:30 p.m. local time only at 800-829-4933 or Fax-TIN at 215-516-3990. By mail, send your

completed Form SS-4 to the Internal Revenue Service Center, Attn: EIN Operations, Philadelphia, PA 19255. The same contacts can be used if you have no legal residence, principal place of business, or principal office or agency in any state. Taxpayer representatives and third party designees can contact the IRS to get an EIN for their clients.

## State of Hawaii Employer's Withholding ID

In addition to the Federal Employer Identification Number required by the IRS, the State of Hawaii also requires that an employer obtain a Hawaii employer's withholding identification number (Form GEW-TA-RV-3). Employers are required to notify the Tax Department when (1) the owner goes out of business; (2) there is an address change; (3) there is a change in the business name; (4) there is a change in the filing period; or, (5) there are any other changes in the original application.

### Department of Taxation

Taxpayer Services  
830 Punchbowl St.  
Honolulu, HI 96813  
808-587-4242  
[www.hawaii.gov/tax](http://www.hawaii.gov/tax)

Hawaii requires all employers to pay unemployment insurance contributions, and to obtain worker's compensation insurance, temporary disability insurance and prepaid health care insurance. Each employer must register with the Unemployment Insurance Division, Department of Labor and Industrial Relations, by filing the Report to Determine Liability within 20 days after hiring the first employee. The employer must also file the Report of New Hire(s) for this employee and for each new employee hired thereafter, within five working days of the day the employee begins work. The Division will assign an identification number and mail the employer a post-registration packet of reporting forms.

### Department of Labor and Industrial Relations

Unemployment Insurance Division  
830 Punchbowl St., Ste. 437  
Honolulu, HI 96813  
808-586-8913 • 808-586-8929 Fax  
[www.hawaii.gov/labor](http://www.hawaii.gov/labor)

## FEDERAL SELF-EMPLOYMENT TAX

Everyone must pay Social Security and Medicare coverage. If you are self-employed, your contributions are made through the self-employment tax.

The IRS has publications, counselors and workshops available to help you sort it out. For more information, contact the IRS at 800-829-1040.

## BUSINESS TAX INFORMATION

If you plan to hire employees you are also required to obtain a Federal Employee Identification Number from the IRS. To obtain the registration form and reference documents, contact the IRS at 800-829-1040 or visit their website: <http://www.irs.gov/businesses/small/index.html> for complete information.

## SALES TAX EXEMPTION CERTIFICATE

If you plan to sell products, you will need a Sales Tax Exemption Certificate. It allows you to purchase inventory, or materials, which will become part of the product you sell, from suppliers without paying taxes. It requires you to charge sales tax to your customers, which you are responsible for remitting to the state. You will have to pay penalties if it is found that you should have been taxing your products and now owe back taxes to the state. For information on sales tax issues, visit your state's Web page.

## FEDERAL INCOME TAX

Like the state income tax, the method of paying federal income taxes depends upon your legal form of business. The following procedures must be considered:

**Sole Proprietorship:** You must file IRS Federal Form Schedule C along with your personal Federal Income Tax return (Form 1040) and any other applicable forms pertaining to gains or losses in your business activity.

**Partnership:** You must file a Federal Partnership return (Form 1065). This is merely informational to show gross and net earnings of profit and loss. Also, each partner must report his share of partnership earnings on his individual Form 1040 based on the information from the K-1 filed with the Form 1065.

**Corporation:** You must file a Federal Corporation Income Tax (Form 1120). You will also be required to report our earning from the corporation including salary and other income such as dividends on your personal federal income tax return (Form 1040).

## FEDERAL PAYROLL TAX

**Federal Withholding Tax:** Any business employing a person must register with the IRS and acquire an EIN and pay federal withholding tax at least quarterly. File Form SS-4 with IRS to obtain number and required tax forms. Call 800-829-3676 or 800-829-1040 if you have questions.

## SOCIAL SECURITY CARDS

All employees must have a social security card. It must be signed by its owner, and you should always ask to see and personally record the social security number. Failure to do so may cause your employee to lose benefits and considerable trouble for yourself in back tracking to uncover the error.

Each pay day, your employees must receive a statement from you telling them what deductions were made and how many dollars were taken out for each legal purpose. This can be on the check as a detachable portion or in the form of an envelope with the items printed and spaces for dollar deductions to be filled in. No deductions may be made by any employer for any reason unless the employee has previously signed a paper authorizing the deduction. There are no exceptions.

## EMPLOYEE CONSIDERATIONS

### Taxes

If you have any employees, including officers of a corporation but not the sole proprietor or partners, you must make periodic payments, and/or file quarterly reports about payroll taxes and other mandatory deductions. You may contact these government agencies for information, assistance and forms.

#### Social Security Administration

800-772-1213  
<http://www.ssa.gov>

#### Federal Withholding

U.S. Internal Revenue Service  
800-829-1040  
<http://www.irs.gov>

### Social Security's Business Services Online

The Social Security Administration now provides free electronic services online at [www.socialsecurity.gov/employer/](http://www.socialsecurity.gov/employer/). Once registered for Business Services Online, business owners or their authorized representative can:

- file W-2s online, and
- verify Social Security Numbers through the Social Security Number Verification Service, which can be used for all employees prior to preparing and submitting Forms W-2.

### Employee Insurance

If you hire employees you may be required to provide unemployment or workers' compensation insurance.

## WORKPLACE PROGRAM

Americans with Disabilities (ADA): For assistance or clarification with the ADA, call 800-669-3362 or visit them at: <http://www.ada.gov>.

## USCIS

The Federal Immigration Reform and Control Act of 1986 requires employers to verify employment eligibility of new employees. The law obligates an employer to process Employment Eligibility Verification Form I-9. The U.S. Citizenship and Immigration Services Office of Business Liaison offers a selection of information bulletins and live assistance through the Employer Hotline. For forms call 800-870-3676, for the Employer Hotline call 800-357-2099.

## SAFETY & HEALTH REGULATIONS

All businesses with employees are required to comply with state and federal regulations regarding the protection of employees. The Occupational Safety and Health Administration outlines specific health and safety standards adopted by the U.S. Department of Labor.

Use of hazardous substances in businesses is highly regulated and there are heavy fines for non-compliance.

#### State Department of Health

808-586-4400  
[www.hawaii.gov/health/environmental/hazard](http://www.hawaii.gov/health/environmental/hazard)

## BUILDING CODES, PERMITS AND ZONING

It is important to consider zoning regulations when choosing a site for your business. You may not be permitted to conduct business out of your home or engage in industrial activity in a retail district. Contact the business license office in the city or town where the business is located.

## BAR CODING

GS1 UST<sup>TM</sup> (not a government agency) provides a unique company number to create bar codes (including UPCs) for your products. Many stores require bar coding on packaged products. Many industrial and manufacturing companies also use bar coding to identify items they receive and ship. GS1 US, formerly the Uniform Code Council, Inc., provides tools and assistance to help you meet these requirements. For information, visit [www.gs1us.org/pc](http://www.gs1us.org/pc). For additional questions, contact:

## GS1 US

7887 Washington Village Dr., Ste. 300  
Dayton, OH 45459-8605  
937-435-3870

## Federal Registration of Trademarks and copyrights

Trademarks or service marks are words, phrases, symbols, designs or combinations that identify and distinguish the source of goods. Trademarks may be registered at both the state and federal level. To register a federal trademark, contact:

#### U.S. Patent and Trademark Office:

P.O. Box 1450  
Alexandria, VA 22313-1450  
800-786-9199  
<http://www.uspto.gov/>

#### Trademark Information Hotline

703-308-9000

## State Registration of a Trademark

Trademarks and service marks may be registered in a state.

**Caution:** Federally registered trademarks may conflict with and supersede state registered business and product names.

## Patents

A patent is the grant of a property right to the inventor by the U.S. Patent and Trademark Office. It provides the owner with the right to exclude others from making, using, offering for sale or selling the patented item in the United States.

Additional information is provided in the publications, General Information Concerning Patents and other publications distributed through the U.S. Patent and Trademark Office. For more information, contact the:

#### U.S. Patent and Trademark Office

800-786-9199 • <http://www.uspto.gov>

## Copyrights

Copyrights protect original works of authorship including literary, dramatic, musical and artistic, and certain other intellectual works. Copyright does not protect facts, ideas and systems, although it may protect the way these things are expressed. For general information contact:

#### U.S. Copyright Office

U.S. Library of Congress  
James Madison Memorial Building  
Washington, DC 20559  
202-707-9100 - Order Line  
202-707-3000 - Information Line  
[www.copyright.gov](http://www.copyright.gov)

- The Hawaii State Library, Government Documents section is a good resource.

## FINANCING

# GETTING APPROVED

Financing Options to Start or Grow Your Business



**M**any entrepreneurs need financial resources to start or expand a small business themselves and must combine what they have with other sources of financing. These sources can include family and friends, venture-capital financing, and business loans.

This section of the Small Business Resource guide discusses SBA's primary business loan and equity financing programs. These are: the 7(a) Loan Program, the Certified Development Company or 504 Loan Program, the MicroLoan Program and the Small Business Investment Company Program. The distinguishing features for these programs are the total dollar amount that can be borrowed, the type of lenders who can provide these loans, the uses for the loan proceeds, and the terms placed on the borrower.

**Note: The SBA does not offer grants to individual business owners to start or grow a business. The only grants the SBA is authorized to provide are for entities to provide businesses management technical assistance to other businesses.**

When you seek a business loan familiarize yourself with the SBA's business loan programs to see if they may be a viable option. The three principal players in each of these programs are — the small business, the lender and the SBA. SBA guarantees a portion of the loan. The business should have its business plan prepared before it applies

for a loan. This plan should explain what resources will be needed to accomplish the desired business purpose including the cost of everything, the applicants' contribution, use of loan proceeds, collateral, and most important, an explanation of how the business will be able to repay the loan in a timely manner.

The lender will analyze the application to see if it meets the lender's criteria as well as SBA requirements. SBA will look to the lender to do much, if not all, of the analysis before it provides its guaranty on the lender's loan or provides the microlenders with funds to re-lend to the business. The SBA's business loan programs provide a key source of financing for viable small businesses that have real potential, but cannot qualify for loans from traditional sources.

### 7(A) LOAN PROGRAM

The 7(a) Loan Program is the SBA's primary business loan program. It is the agency's most used non-disaster financial assistance program because of its flexibility in loan structure, variety of loan proceeds uses, and availability. This program has broad eligibility requirements and credit criteria to accommodate a wide range of financing needs.

The business loans that SBA guarantees do not come from the agency, but rather from banks and other lenders. The loans are funded by these organizations and they make the decisions to approve or not approve the requests.

The SBA guaranty reduces the lender's risk of borrower non-payment. If the borrower defaults, the lender can request SBA to pay the lender that percentage of the outstanding balance guaranteed by SBA. This allows the lender to recover a portion from SBA of what it lent if the borrower can't make the payments. The borrower is still obligated for the full amount.

To qualify for an SBA guaranty, a small business must meet the lender's criteria and the 7(a) requirements. In addition the lender must certify that it would not provide this loan under the proposed terms and conditions unless it can obtain an SBA guaranty. If the SBA is going to provide a lender with a guaranty, the lender must be eligible creditworthy and the loan structured under conditions acceptable to SBA.

### PERCENTAGE OF GUARANTIES

The SBA only guarantees a portion of any particular loan so each loan will also have an unguaranteed portion giving the lender a certain amount of exposure and risk. The percentage of guaranty depends on either the dollar amount or the method by which the lender obtains its guaranty. For 7(a) loans of \$150,000 or less the SBA will guaranty as much as 85 percent and for loans over \$150,000 the SBA can provide a guaranty of up to 75 percent. The maximum loan amount is \$2 million and the maximum guaranty amount to any one business is \$1.5 million. The one exception is when a business needs both working capital and fixed assets to promote exporting in which case the SBA can provide a maximum guaranty of \$1.75 million.

Loans made under the SBAExpress program, which is discussed subsequently, have a 50 percent guaranty.

### INTEREST RATES AND FEES

Both fixed and variable interest rates are available. Rates are set based on the lowest prime rate\* and maturity. For loans with maturities of less than seven years the rate will be fixed or start at prime plus no more than 2.25 percent. For loans with maturities of seven years or more the rate can be as

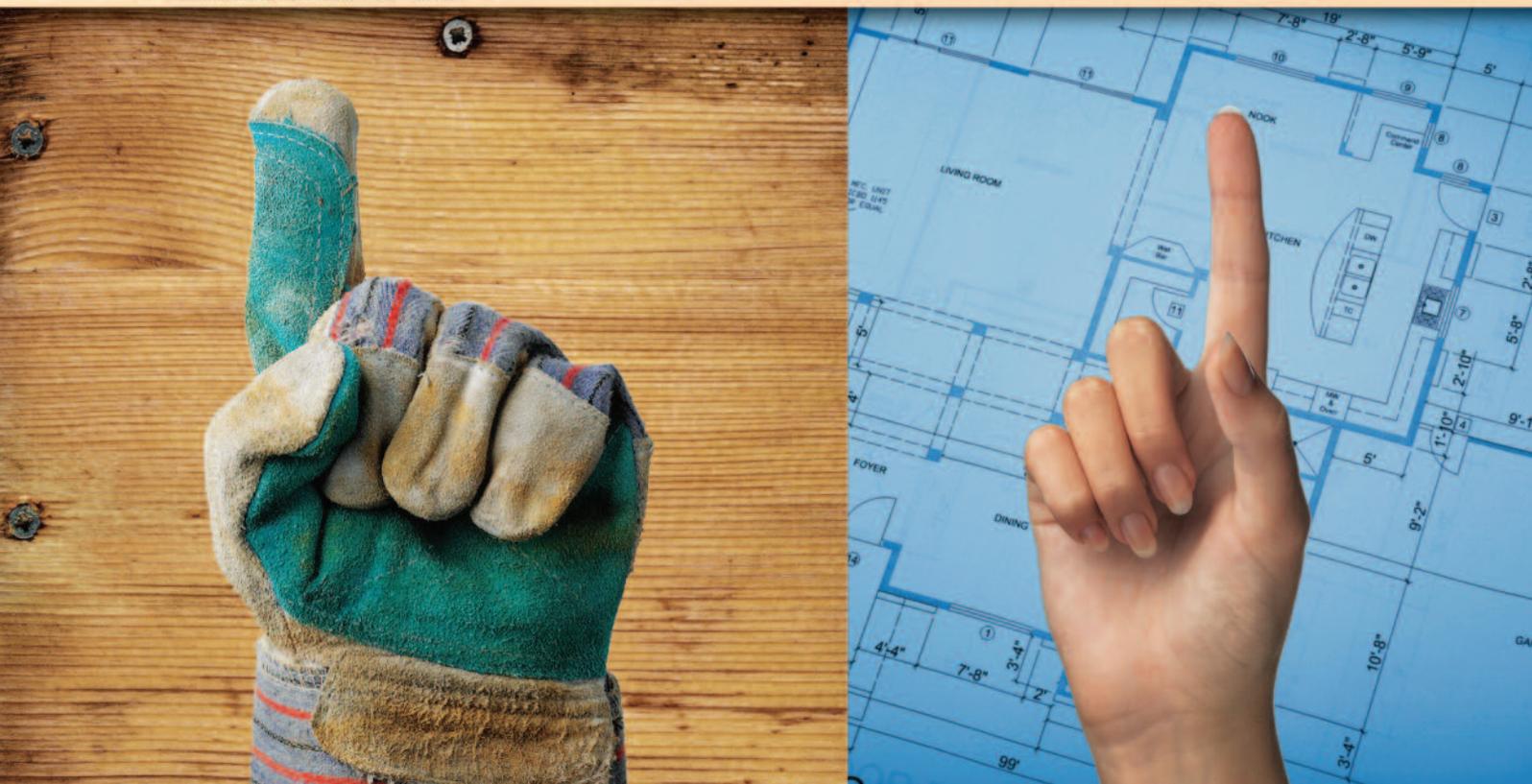


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**h Bank of Hawaii**

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high as prime plus 2.75 percent. For loans under \$50,000 and for loans processed through SBAExpress, rates are permitted to be higher.

The fee is based on the size of the guaranty percentage associated with the SBA loan whether the loan is short-term (12 months or less) or long-term (over 12 months). You can finance the fee.

On any loan with a maturity of one year or less, the fee is just 0.25 percent of the guaranteed portion of the loan. On loans with maturities of more than one year, the guaranty fee is 2 percent of the SBA guaranteed portion on loans up to \$150,000; 3 percent on loans over \$150,000 but not more than \$700,000; and 3.5 percent on loans over \$700,000. There is also an additional fee of 0.25 percent on any guaranteed portion over \$1 million.

## SUCCESS STORY

### Nakasato Contracting



#### 8(a) Certification Helps Level the Playing Field

Kimberly Nakasato, a licensed contractor, became the majority member of the newly formed Nakasato Contracting in 2004. With the young entrepreneur at the helm, the general contracting company was ready to expand their project scope to include larger scale commercial projects while maintaining the high standard of quality and customer satisfaction she gained working at her father's construction firm. Given the high performance on several jobs, the company planned to become more selective on their projects. To build capacity and fulfill her vision, Nakasato joined SBA's 8 (a) business development program in early 2008 to tap into government contracts. The 8(a) certification provided a boost to her business and helped Nakasato overcome some of the barriers one may encounter being a young minority female in a male dominated field like general contracting. With the support and skill of her key personnel, Nakasato has firmly established a reputation for prompt assessments and bids, on-time completion and quality results, frequently getting referrals from architects, sub contractors and satisfied clients, assuring more work from government agencies in the future.

**\* All references to the prime rate refer to the lowest prime rate as published in the Wall Street Journal on the day the application is received by the SBA.**

## 7(A) LOAN MATURITIES

SBA loan programs are generally intended to encourage longer term small business financing, but actual loan maturities are based on the ability to repay, the purpose of the loan proceeds and the useful life of the assets financed. However, maximum loan maturities have been established: 25 years for real estate; up to 10 years for equipment (depending on the useful life of the equipment); and generally up to 10 years for working capital. Short-term loans and revolving lines of credit are also available through the SBA to help small businesses meet their short-term and cyclical working capital needs.

## STRUCTURE

Most loans are repaid with monthly payments of principal and interest. For fixed-rate loans the payments stay the same whereas for variable rate loans the lender can re-establish the payment amount when the interest rates change or at other intervals as negotiated with the borrower. Applicants can request that the lender establish the loan with interest-only payments during the start-up and expansion phases (when eligible) to allow the business time to generate the income to start repaying the loan. There are no balloon payments or call provisions allowed on any 7(a) loan. The lender may not charge a prepayment penalty if the loan is paid off before maturity, but the SBA will charge the borrower a prepayment fee if the loan has a maturity of 15 or more years and is pre-paid during the first three years.

## COLLATERAL

The SBA expects every loan to be fully secured, however, in most cases, the SBA will not decline a request to guaranty a loan if the only unfavorable factor is insufficient collateral, if all available collateral is offered. What these two policies mean is that every SBA loan is to be secured by all available assets (both business and personal) until the recovery value equals the loan amount or until all assets have been pledged to the extent that they are reasonably available, to adequately secure the loan. Personal guaranties are required from all the principal owners of the business. Liens on personal assets of the principals may be required.

## ELIGIBILITY

7(a) loan eligibility is based on four different factors. The first is size, as all loan recipients must be classified as "small" by SBA. The basic size standards are outlined below. A more in-depth listing of standards can be found at: <http://www.sba.gov/services/contractingopportunities/index.html> then select "Size Standards" from the "Contracting Opportunities" menu in the right hand column.

### SBA Size Standards:

- Manufacturing from 500 to 1,500 employees
- Wholesaling — 100 employees
- Services from \$4.5 million to \$32.5 million in average annual receipts
- Retailing from \$6.5 million to \$26.5 million
- General construction from \$6.5 million to \$32 million
- Agriculture from \$750,000 to \$16.5 million in average annual receipts

### Nature of Business

The second eligibility factor is based on the nature of the business and the process by which it generates income or the customers it serves. The SBA has general prohibitions against providing financial assistance to businesses involved in such activities as lending, speculating, passive investment, pyramid sales, loan packaging, presenting live performances of a prurient sexual nature, businesses involved in gambling and any illegal activity.

The SBA will also not support non-profit businesses, private clubs that limit membership on a basis other than capacity, businesses that promote a religion, businesses owned by individuals incarcerated or on probation or parole, municipalities, and situations where the business or its owners previously failed to repay a federal loan or federally assisted financing.

### Use of Proceeds

The third eligibility factor is what the loan proceeds can and cannot be used for. 7(a) proceeds can be used to: purchase machinery, equipment, fixtures, supplies, leasehold improvements, as well as land and/or buildings that will be occupied by the business borrower.

### Proceeds can also be used to:

- Expand or renovate facilities;
- Finance receivables and augment working capital;
- Finance seasonal lines of credit;
- Construct commercial buildings; and
- Refinance existing debt under certain conditions.

7(a) loan proceeds cannot be used (except for compensation for services rendered) for floor plan financing or to have funds for the purpose of making investments.

### Miscellaneous Factors

The fourth factor involves a variety of requirements such as SBA's credit elsewhere test and utilization of personal assets requirements where the applicant business and its principal owners must use their own resources before getting a loan guaranteed by SBA. It also includes SBA's anti-discrimination rules and prohibitions on lending to agricultural enterprises because there are other agencies of the federal government with programs to fund such businesses.

However, some factors here are the SBA's most important eligibility rules, including:

- Every loan must be for a sound business purpose;
- There must be sufficient invested equity in the business so it can operate on a sound financial basis;
- There must be a potential for long-term success;
- The owners must be of good character and reputation; and
- All loans must be so sound as to reasonably assure repayment.

More can be found out about SBA's eligibility requirements at:

<http://www.sba.gov/services/> then select "Loan Eligibility" from the "Financial Assistance" list along the bottom.

### What to Take to the Lender

Documentation requirements may vary; contact your lender for the information you must supply.

**Common requirements include the following:**

- Purpose of the loan.
- History of the business.
- Financial statements for three years (existing businesses).
- Schedule of term debts (existing businesses).
- Aging of accounts receivable and payable (existing businesses).
- Projected opening-day balance sheet (new businesses).
- Lease details.
- Amount of investment in the business by the owner(s).
- Projections of income, expenses and cash flow as well as the assumptions.
- Personal financial statements on the principal owners.
- Resume(s) of the principal owners and managers.

### How the 7(a) Program Works

Applicants submit their loan application to a lender for the initial review. The lender will generally review the credit merits of the request before deciding if they will make the loan themselves or if they will need an SBA guaranty. If a guaranty is needed, the lender will also review eligibility, and the applicant should be prepared to complete some additional documents before the lender sends its request for guaranty to the SBA.

In guaranteeing the loan, the SBA assures the lender that, in the event the borrower does not repay the loan, the government will reimburse the lending institution for a portion of its loss. By providing this guaranty, the SBA is able to help tens of thousands of small businesses every year get financing they would not otherwise obtain.

After SBA approval, the lender is notified that its loan has been guaranteed. The lender then will work with the applicant to make sure the terms and conditions are met before closing the loan, disbursing the funds, and assuming responsibility for collection and general servicing. The borrower makes monthly loan payments directly to the lender. As with any loan, the borrower is responsible for repaying the full amount of the loan in a timely manner.

### What the SBA Looks for:

- Ability to repay the loan on time from the projected operating cash flow.
- Owners and operators who are of good character.
- Feasible business plan.
- Management expertise and commitment necessary for success.
- Sufficient funds, including the SBA guaranteed loan, to operate the business on a sound financial basis (for new businesses, this includes the resources to meet start-up expenses and the initial operating phase).
- Adequate equity invested in the business.
- Sufficient collateral to secure the loan or all available collateral if the loan cannot be fully secured.

### SBAEXPRESS

SBAExpress is available to lenders as a way to obtain a guaranty on smaller loans up to \$350,000. The program authorizes selected experienced lenders to use mostly their own forms, analysis and procedures to process, service and liquidate SBA-guaranteed loans. The SBA guarantees up to 50 percent of an SBAExpress loan. Loans under \$25,000 do not require collateral. Like most 7(a) loans, maturities are usually five to seven years for working capital and up to 25 years for real estate or equipment. Revolving lines of credit

are allowed for a maximum of seven years. For a list of lenders in your area, contact your local SBA office available at:

[www.sba.gov/localresources/index.html](http://www.sba.gov/localresources/index.html)

#### Bank of Hawaii

P.O. Box 2900  
Honolulu, HI 96846  
888-643-3888

#### First Hawaiian Bank

Credit Administration  
P.O. Box 3200  
Honolulu, HI 96847  
808-844-4444 • 808-525-7169 Fax

#### Hawaii National Bank

P.O. Box 3740  
Honolulu, HI 96812  
808-528-7711 • 808-528-7869 Fax

#### Central Pacific Bank

P.O. Box 3590  
Honolulu, HI 96811-3590  
808-544-0546 • 808-544-0547 Fax

#### Hawaii USA Federal Credit Union

1226 College Walk  
Honolulu, HI 96817  
808-534-4300 • 808-534-4790 Fax

#### American Savings Bank

P.O. Box 2300  
Honolulu, HI 96804-2300  
808-539-7628 • 808-539-7970 Fax

#### Ohana Pacific Bank

1357 Kapiolani Blvd., Ste. 102  
Honolulu, HI 96814  
808-237-6551 • 808-237-6555 Fax

#### Hawaii Community Federal Credit Union

73-5611 Olowalu St.  
Kailua-Kona, HI 96740  
808-930-7700

#### Honolulu Federal Credit Union

1357 Kapiolani Blvd., G 101  
Honolulu, HI 96814  
808-203-5850

### PATRIOT EXPRESS

The Patriot Express Initiative pilot loan initiative is for veterans and members of the military community wanting to establish or expand a small business. Eligible military community members include:

- Veterans
- Service-disabled veterans
- Active-duty service members eligible for the military's Transition Assistance Program
- Reservists and National Guard members
- Current spouses of any of the above, including a service member
- Widowed spouse of a service member or veteran who died during service or of a service-connected disability

The Patriot Express loan is offered by SBA's widest network of lenders nationwide and features our fastest turnaround time for loan approvals. Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of 85 percent for loans of \$150,000 or less and 75 percent for loans over \$150,000 up to \$500,000. For loans above \$350,000, lenders are required to take all available collateral.

The Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

Patriot Express loans feature SBA's lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over prime depending upon the size and maturity of the loan. Your local SBA district office will have a listing of Patriot Express lenders in your area.

More information is at:  
<http://www.sba.gov/patriotexpress>.

**American Savings Bank** (R,EX,PX)  
 P.O. Box 2300  
 Honolulu, HI 96804  
 808-539-7628 or 808-539-7687  
 808-539-7970 Fax

**Bank of Hawaii** (R,C,P,E,EX,PX)  
 P.O. Box 2900  
 Honolulu, HI 96846  
 888-643-3888

**Borrego Springs Bank** (P,EX,X,PX)  
 14101 Panama City Beach Pkwy., Ste. 300  
 Panama City Beach, FL 32413  
 866-644-0042

**Business Loan Center** (R,P,EX,X,PX)  
 3900 W Central, Ste. 210  
 Wichita, KS 67203  
 888-211-2911

**Central Pacific Bank** (R,C,E,EX,PX)  
 P.O. Box 3590  
 Honolulu, HI 96811  
 808-544-6833 • 808-532-4949 Fax

**Center Bank** (R,P,EX,PX)  
 253 N. Western Ave.  
 Los Angeles, CA 90004  
 213-381-2222

**Comerica** (R,P,PX)  
 Comerica Tower at Detroit Center  
 500 Woodward Ave.  
 Detroit, MI 48226  
 800-925-2160

**First Hawaiian Bank** (R,C,P,E,EX,PX)  
 Credit Administration  
 P.O. Box 3200  
 Honolulu, HI 96847  
 808-844-4444 • 808-525-7169 Fax

**Hawaii Community Federal Credit Union** (R,EX,PX)  
 73-5611 Olowalu St.  
 Kailua- Kona, HI 96740  
 808-930-7700

**Hawaii National Bank** (R,P,EX,PX)  
 P.O. Box 3740  
 Honolulu, HI 96812  
 808-528-7711 • 808-528-7869 Fax

**Honolulu Federal Credit Union** (R,EX,PX)  
 1357 Kapiolani Blvd., G101  
 Honolulu, HI 96814  
 808-203-5850

**Innovative Bank** (C,EX,X,PX)  
 360 14th St.  
 Oakland, CA 96412  
 866-812-1216 ext. 1

**Honolulu Federal Credit Union** (R,EX,PX)  
 1357 Kapiolani Blvd., G101  
 Honolulu, HI 96814  
 808-203-5850

**Innovative Bank** (C,EX,X,PX)  
 360 14th St.  
 Oakland, CA 96412  
 866-812-1216 ext. 1

## COMMUNITYEXPRESS PILOT LOAN PROGRAM

The CommunityExpress Pilot Loan Program provides streamlined business financing and management and technical assistance to small businesses located in distressed or underserved markets. The CommunityExpress program is offered through hundreds of selected SBA lenders throughout the nation. Under CommunityExpress, approved lenders may use streamlined and expedited loan review and approval procedures to process SBA-guaranteed loans. These lenders may thus use, to the maximum extent possible, their own loan analysis, loan procedures, and loan documentation to process SBA loans to \$250,000. However, borrowers must receive technical assistance to qualify for this program.

**Innovative Bank**  
 360 14th St.  
 Oakland, CA 94612  
 866-812-1216 ext 1  
[www.innovativebank.com](http://www.innovativebank.com)

**Borrego Springs Bank**  
 14101 Panama City Beach Pkwy., Ste. 300  
 Panama City Beach, FL 32413  
 866-644-0042  
[www.borregospringsbank.com](http://www.borregospringsbank.com)

**Superior Financial Group**  
 165 Lennon Ln., Ste. 101  
 Walnut Creek, CA 94598  
 925-296-0500  
[www.superiorfg.com](http://www.superiorfg.com)

## Special Purpose 7(a) Loan Programs

The 7(a) program is the most flexible of SBA's lending programs. The agency has created several variations to the basic 7(a) program to address the particular financing need of certain small businesses. These special purpose programs are not necessarily for all businesses but may be very applicable to some small businesses. They are generally governed by the same rules, regulations, fees, interest rates, etc. as the regular 7(a) loan guaranty. Lenders can advise you of any variations.

## CAPLines

The CAPLines program is designed to help small businesses meet their short-term and cyclical working capital needs. There are five loan programs under the CAPLines umbrella. The programs can be used to finance seasonal working capital needs; finance the direct costs of performing certain construction, service and supply contracts; finance the direct cost associated with commercial and residential construction; finance operating capital by obtaining advances against existing inventory and accounts receivable; and consolidate short-term debt. SBA provides up to an 85 percent guarantee. There are five distinct programs under the CAPLine umbrella:

- **The Contract Loan Program** is used to finance material and labor needs for a specific contract or contracts. Proceeds can be disbursed before the work begins. If used for one contract, it is generally not revolving; if used for more than one contract at a time, it can be revolving. The loan maturity is usually based on the length of the contract, but no more than five years. Payment from the contract award must be sent directly to the lender.
- **The Seasonal Line of Credit Program** is used to support buildup of inventory, accounts receivable or labor and materials above normal usage for seasonal inventory. The business must have a definite established seasonal pattern and thus must have been in business for a period of 12 months in order to establish that pattern. The loan does not revolve during the season but may be used over again after a "clean-up" period of 30 days. These also may have a maturity of up to five years. The business may not have another seasonal line of credit outstanding but may have other lines for non-seasonal working capital needs.
- **The Builders Line Program** Provides financing for small contractors or developers to construct or rehabilitate residential or commercial property. Loan maturity is generally three years but can be extended up to five years if necessary. Proceeds are used solely for direct

expenses of acquisition, immediate construction and/or significant rehabilitation of the residential or commercial structures. The purchase of the land can be included if it does not exceed 20 percent of the loan proceeds. Up to 5 percent of the proceeds can be used for physical improvements that benefit the property.

- **The Small Asset-Based Line** is a revolving line of credit used to support an increase in accounts receivable or inventory. The loan can be used for revolving lines up to \$200,000 to purchase inventory, pay direct labor or finance accounts receivable and is advanced against existing inventory or accounts receivable. Repayment comes from the collection of accounts receivable or sale of inventory. It does require periodic servicing and monitoring of the collateral for which the lender can charge up to two percent annually to the borrower. These lines are generally used by businesses providing credit to their customers.
- **The Standard Asset-Based Line** is similar to the Small Asset-Based Line, but for loan amounts over \$200,000. It does require stricter servicing and monitoring and the lender may pass these costs along to the borrower.

## EXPORT TRADE FINANCING

[www.sba.gov/aboutsba/sbaprograms/internationaltrade/index.html](http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/index.html)

### Export Working Capital Program

The SBA's Export Working Capital Program assists lenders in meeting the needs of exporters seeking short-term export working capital. This program enables U.S. exporters to obtain loans to fund their direct export costs. The EWCP supports single transactions or revolving lines. The maximum dollar amount of an export line of credit under this program is \$2 million. SBA guarantees up to 90% of a loan amount or \$1.5 million, whichever is less. Loan maturities are generally for a term of 12 months. The guaranty can be reissued for an additional 12 months through an abbreviated application process. The guaranty fee the SBA charges is 0.25 percent of the guaranteed amount of the loan for the initial 12 months. The borrower negotiates the interest rate and all other fees with the lender. The program offers flexible terms, low fees and a quick processing time.

### Eligibility of Exporter

You must have an operating history of at least one year – not necessarily in exporting. The SBA may waive this requirement if you have sufficient export trade experience or other managerial experience.

### Eligible Buyers

The foreign buyer must be a creditworthy entity located in an acceptable foreign country, to both the lender and SBA.

### Use of EWCP Proceeds:

- To acquire inventory for export or to be used to manufacture goods for export.
- To pay the manufacturing costs of goods for export.
- To purchase goods or services for export.
- To support Standby Letters of Credit related to export transactions.
- For pre-shipment working capital directly related to export orders.
- For post-shipment foreign accounts receivable financing.

### Ineligible Use of Proceeds

- To support the applicant's domestic sales.
- To acquire fixed assets or capital goods for the applicant's business.
- To support a sale where the exporter is not taking title to the goods.
- To acquire, equip, or rent commercial space overseas.
- To serve as a Warranty Letter of Credit.

### Collateral Requirements

- Collateral for the manufacturing sector typically consists of a first lien on all export-related inventory and export related accounts receivable.
- Collateral for the service sector typically consists of assignment of proceeds of

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<sup>1</sup>Accounts with a balance of \$0 for 30 or more consecutive calendar days will be closed automatically. <sup>2</sup>Defined as a deposit made or check paid. <sup>3</sup>Enrollment is subject to approval. <sup>4</sup>Based on a statewide survey of small businesses who were asked, "Have you recommended your primary bank in the last 12 months?"

export-related contracts or purchase orders and a first lien on export-related accounts receivable.

- Other collateral may be required.

### **How to Apply — A small business exporter seeking a guaranteed EWCP loan must apply to a lender.**

### **SBA Ex-Im Bank Co-Guarantee**

This is designed to provide small business exporters the ability to obtain larger export working capital loans through the Export Working Capital Program than SBA could support alone. This program enables U.S. exporters to obtain loans that facilitate the export of goods or services. Under this program, the total export working capital line, with a 90 percent guarantee, cannot exceed \$2 million. Loan maturities are generally for a term of 12 months. At the end of the 12-month maturity, a borrower may reapply for a new guarantee. The guarantee fee SBA charges is 0.25 percent of the guaranteed amount of the loan for the initial 12 months. The guarantee fee that Ex-Im Bank charges is 0.25 percent on the loan amount that is guaranteed by them. The borrower negotiates the interest rate and all other fees with the lender.

### **Eligibility of Exporter**

The same as for the SBA EWCP Program.

### **Eligible Buyers**

The foreign buyer must be a creditworthy entity located in an acceptable country in conformity with the Ex-Im Bank's Country Limitation Schedule.

### **Use of Proceeds**

Same as the SBA EWCP.

### **Ineligible Use of Proceeds**

- Goods or services with less than 50 percent U.S. content.
- To support the export of any Defense Articles or Defense Services.
- To support the applicant's domestic sales.
- To acquire fixed assets or capital goods for the applicant's business.
- To acquire, equip, or rent commercial space overseas.
- To serve as a Warranty Letter of Credit.

### **Collateral Requirements**

Same as the SBA EWCP.

### **Discounted Credit Insurance Premiums**

The Export-Import Bank of the United States and the SBA provide SBA export loan recipients with a 25 percent discount on

export credit insurance premiums. Ex-Im Bank export credit insurance protects your company against nonpayment and enables you to sell on the competitive "Open account" terms. You can enter new markets and increase sales in existing markets and have the ability to match the credit terms offered by your foreign competitors. Ex-Im Bank provides up to 95 percent coverage for both commercial risks, for example buyer insolvency and default, and political risks, war, revolution, and the cancellation of an export or import license.

### **How to Apply**

A small business exporter seeking a co-guaranteed loan must apply to a lender that is a participant in SBA's 7(a) Loan Guaranty Program. PLP and SBAExpress processing are not permitted. The lender must submit a completed Joint Application for Working Capital Guarantee and loan package to SBA. SBA evaluates and processes the application in accordance with SBA rules for its Export Working Capital program.

## **INTERNATIONAL TRADE LOAN PROGRAM**

The program helps small businesses engaged or preparing to engage in international trade as well as small businesses adversely affected by competition from imports. This program allows for an increased maximum dollar amount of SBA guaranty outstanding to any one business (and affiliates) from \$1.5 million to \$1.75 million. In order to reach the \$1.75 million SBA guaranty ceiling, the borrower must have an international trade loan as well as an SBA working capital loan or line of credit. The international trade loan provides an SBA guaranty up to \$1.5 million of a term loan used for the acquisition, construction, renovation, modernization, improvement or expansion of long-term fixed assets or the refinancing of an existing loan used for these same purposes. In addition a borrower may have a separate working capital loan (term or line of credit) with a maximum SBA guarantee of \$1.25 million. When combined, the maximum SBA guaranty outstanding to any one business is \$1.75 million. The SBA guarantee fee and interest rates are the same as for any standard 7(a) loans.

### **Eligibility of Exporter**

- Applicants must meet the same eligibility requirements for a 7(a) loan.
- Applicant must establish the loan will significantly expand or develop an export market, or the applicant has been adversely

affected by import competition, and, in addition the applicant must show that upgrading equipment or facilities will improve its competitive position.

- If eligibility is based on entering or expanding export sales, the applicant must submit a one or two page international business plan, including sufficient information to reasonably support the likelihood of expanded export sales.

### **Use of Proceeds**

- For facilities or equipment, including purchasing land and building(s); building new facilities; renovating, improving, or expanding existing facilities; purchasing or reconditioning machinery, equipment and fixtures; and making other improvements that will be used within the United States for producing goods or services.

### **Collateral Requirements – Collateral requirements are the same as regular 7(a) loans.**

- **How to Apply** - A small business exporter seeking a guaranteed loan must apply to an SBA participating lender. Call your local SBA District Office for a list of participating lenders.

### **Export Express**

The Export Express program is designed to help SBA meet the export financing needs of small businesses. It is a subprogram of SBAExpress and is therefore subject to the same loan processing, making, closing, servicing, and liquidation requirements as well as the same maturity terms, interest rates, and applicable fees as for other SBA loans except as noted below. The total Export Express loan cannot exceed \$250,000. SBA guarantees 85 percent for loans of \$150,000 and under and 75 percent for loans over \$150,000 to \$250,000. SBA allows participating lenders to make their own credit decisions. SBA provides a quick processing time, less than 36 hours.

**Eligible Buyers – The foreign buyer must be a creditworthy entity located in an acceptable country.**

### **Use of Proceeds**

- Finance standby letters of credit used for either bid or performance bonds;
- Finance export development activities such as export marketing and promotional activities, participation in foreign trade shows, translation of product literature for foreign markets, and other activities designed to initiate or expand the applicant's export of its products/services from the U.S.;
- Provide transaction-specific financing for overseas orders;
- Provide revolving lines of credit for export purposes, the term of which must not exceed seven years. In some instances, as a

normal course of business, the borrower may use portions of revolving lines of credit for domestic purposes, but no less than 70 percent of the revolver to be used for export related purposes;

- Provide term loans and other financing to enable small business concerns, including small business export trading companies to develop foreign markets; and
- Acquire, construct, renovate, modernize, improve or expand production facilities or equipment to be used in the U.S. in the production of goods or services to be exported from the U.S.

### Ineligible Use of Proceeds

Proceeds may not be used to finance overseas operations, other than those strictly associated with the marketing and/or distribution of products/services exported from the U.S.

### How to Apply

The application process is the same for the SBAExpress, except the applicant must demonstrate that loan proceeds will enable it to enter a new export market or expand an existing export market. The applicant must submit to the lender a plan that includes projected export sales for the upcoming year as well as the dollar volume of export sales for the previous year.

### Community Adjustment and Investment Program

The Community Adjustment & Investment Program helps communities that suffered job losses due to changing trade patterns following the North American Free Trade Agreement. The North American Development Bank has partnered with the SBA and the U.S. Departments of Agriculture and the Treasury to make credit available to businesses in affected communities to help create or retain jobs.

### SBA's non-7(a) Loan Programs

In addition to the 7(a) Loan Program SBA has four other non-disaster assistance programs which can help small businesses gain access to capital and bonding.

## CERTIFIED DEVELOPMENT COMPANY LOANS (504 LOAN PROGRAM)

The 504 Loan Program is an economic development program that supports American small business growth and helps communities through business expansion and job creation. This SBA program provides long-term, fixed-rate, subordinate mortgage financing for acquisition and/or renovation of capital assets including land, buildings and

equipment. Most for-profit small businesses are eligible for this program. The types of businesses excluded from 7(a) loans (listed previously) are also excluded from the 504 loan program.

Loans are provided through Certified Development Companies. CDCs work with banks and other lenders to make loans in first position on reasonable terms, helping lenders retain growing customers and provide Community Redevelopment Act credit.

The SBA 504 loan is distinguished from the SBA 7(a) loan program in these ways:

#### The maximum debenture is:

- \$1.5 million for businesses that create a certain number of jobs or improve the economy of the locality;
- \$2 million for businesses that meet a specific public policy goal, including veterans; and
- \$4 million for manufacturers.
- Eligible project costs are limited to long-term, fixed assets such as land and building (occupied by the borrower) and substantial machinery and equipment. Working capital is not an eligible use of proceeds.
- Most borrowers are required to make an injection (borrower contribution) of just 10 percent which allows the business to conserve valuable operating capital. A further injection of 5 percent is needed if the business is a start-up or new (less than 2 years old) and a further injection of 5 percent is also required if the primary collateral will be a single purpose building.
- Two-tiered project financing: a lender finances approximately 50 percent of the project cost and receives a first lien on the project assets (but no SBA guaranty); A CDC (backed by a 100% SBA-guaranteed debenture) finances up to 40% of the project costs secured with a junior lien. The borrower provides the balance of the project costs.
- Fixed interest rate on SBA loan. SBA guarantees the debenture 100 percent. Debentures are sold in pools monthly to private investors. This low, fixed rate is then passed on to the borrower and establishes the basis for the loan rate. A recent history of debenture rates may be found at [www.nadco.org](http://www.nadco.org).
- All project-related costs can be financed, including acquisition (land and building, land and construction of building, renovations, machinery and equipment) and soft costs, such as title insurance and appraisals. Some closing costs may be financed.
- Collateral is typically a subordinate lien on the assets financed; allows other assets to be free of liens and available to secure other needed financing.
- Long-term real estate loans are up to 20-year term, heavy equipment 10 or 20-year term and are self-amortizing.

### Businesses that receive 504 loans are:

- Small — net worth under \$7.5 million, net profit after taxes under \$2.5 million, or meet other SBA size standards.
- Organized for-profit.
- Most types of business — retail, service, wholesale or manufacturing.

The SBA's 504 Certified Development Companies serve their communities by financing business expansion needs. Their professional staff works directly with borrowers to tailor a financing package that meets program guidelines and the credit capacity of the borrower's business. For more information, go to [www.sba.gov/services](http://www.sba.gov/services), then choose "SBA Loans" from the links in the right-hand column. From there, click on "CDC/504 Program."

**SUCCESS STORY**

## Suisan Company, Limited



**Business Heated Up for Suisan with Deep Freeze Funding from SBA**

From the small fish auction started in 1907, the Suisan Company, Limited, has grown into the largest distributor of frozen foods, produce, paper goods and cleaning supplies on the island of Hawaii. The success is largely the result of the vision and leadership of President Rex Matsuno, who joined the company after his military service in WWII and initiated the company's early diversification efforts into the emerging frozen food industry almost 60 years ago. With a keen eye on the changing economy, Matsuno built the frozen food division into the principal revenue generator and sought other opportunities to grow and diversify the company. Matsuno secured SBA financing and constructed a new state of the art distribution center with two very large freezers, allowing the company to capitalize on the economic growth from the tourism industry in the 1980's. Soon, fresh produce and other supplies were added to the inventory as Suisan developed into the "one-stop" vendor for hotels, resorts, educational facilities and restaurants. Through his entrepreneurial spirit, skill and determination, Rex Matsuno has developed Suisan Company into a powerful enterprise with 200 employees, a fleet of 40 refrigerated trucks and almost \$80 million in annual revenue.



### HEDCO Local Development Corporation

222 S. Vineyard St., PH-1  
Honolulu, HI 96813  
808-521-6502 • 808-521-6541 Fax

### Lokahi Pacific Rural Development Inc.

1935 Main St., Ste. 204  
Wailuku, HI 96793  
808-242-5761 • 808-244-2057 Fax  
www.lokhipacific.org

## MICROLOAN PROGRAM

The Microloan Program provides small loans ranging from under \$500 to \$35,000. Under this program, the SBA makes funds available to nonprofit intermediaries that, in turn, make the loans directly to entrepreneurs, including veterans. Proceeds can be used for typical business purposes such as working capital, machinery and equipment, inventory and leasehold improvements. Interest rates are negotiated between the borrower and the intermediary.

For more information, go to [www.sba.gov/services](http://www.sba.gov/services), then choose “SBA Loans” from the links in the right-hand column. From there, click on “Micro Loans.”

### Pacific Gateway Center

723-C Umi St.  
Honolulu, HI 96819  
808-851-7006 • 808-851-7012 Fax

## SMALL BUSINESS INVESTMENT COMPANY PROGRAM

There are a variety of alternatives to bank financing for small businesses, especially business start-ups. The Small Business Investment Company Program fills the gap between the availability of venture capital and the needs of small businesses that are either starting or growing. Licensed and regulated by the SBA, SBICs are privately owned and managed investment funds that make capital

available to qualifying small businesses through investments or loans. They use their own funds plus funds obtained at favorable rates with SBA guarantees. SBICs are for-profit firms whose incentive is to share in the success of a small business. In addition to equity capital and long-term loans, SBICs provide managerial assistance. The SBIC Program provides funding for a broad range of industries and stage of investment, in areas across the country. Some SBICs invest in a particular field or industry while others invest more generally. Most SBICs concentrate on a particular stage of investment such as start-up or expansion and focus on a specific geographic area. For more information contact your nearest SBA office or the Web site at [www.sba.gov/services](http://www.sba.gov/services), then choose “Financial Assistance” from the menu below. From there, click on “Equity Capital” and choose “SBA’s Investment Program.”

## THE SURETY BOND GUARANTEE PROGRAM

Although it is not a business loan program, the Surety Bond Guarantee Program is a public-private partnership between the federal government and the surety industry providing small businesses with the bonding assistance necessary for them to compete for government and private contracting opportunities. The guarantee provides the necessary incentive for sureties to bond small businesses that would otherwise be unable to obtain bonding. They typically lack the combination of working capital and a performance track record necessary to secure bonding on a reasonable basis through regular commercial channels.

Through this program, the SBA guarantees bid, payment, performance and necessary ancillary bonds issued by surety

companies for individual contracts of up to \$2 million on behalf of eligible small construction, service, and supply contractors. The SBA reimburses sureties a predetermined percentage of losses sustained if a contractor breaches the terms of the contract.

The SBA has two program options available, the Prior Approval Program (Plan A) and the Preferred Surety Bond Program (Plan B). In the Prior Approval Program, SBA guarantees 90 percent of a surety’s paid losses and expenses on bonded contracts up to \$100,000, and on bonds for socially and economically disadvantaged and HUBZone contractors and veterans and service-disabled veterans. All other bonds guaranteed in the Plan A Program receive an 80 percent guarantee. Sureties must obtain SBA’s prior approval for each bond guarantee issued. Under the PSB Program, SBA guarantees only 70 percent, but sureties may issue, monitor and service bonds without SBA’s prior approval.

For more information on the Surety Bond Program, visit SBA’s web site at [www.sba.gov](http://www.sba.gov) and choose “Services.” From there, select “Financial Assistance” and click on “Surety Bond.”

### Griffin Swan & Lai Insurance & Brokers, Inc.

Tom Hata, Bond Manager  
Frances Ishida, Account Executive  
P.O. Box 4617  
Honolulu, HI 96812  
808-533-8407 • 808-528-3463 Fax  
thomash@gslinsurance.com

### Hart & Shinohara, LLP

Brian Hart, Owner  
1164 Bishop St., Ste. 1510  
Honolulu, HI 96813  
808-721-1200 • 808-550-8774 Fax  
bhart@pixi.com

### Insurance Factors

Dora Schulze-Kuroda, Bond Rep./Broker  
745 Fort Street Mall, Ste. 1000  
Honolulu, HI 96813  
808-546-7469 or 800-397-7462  
808-521-5484 Fax  
888-273-9993 Toll Free Fax

### Noguchi & Associates, Inc.

Mitchell Noguchi  
1314 S. King St., Ste. 560  
Honolulu, HI 96814  
808-591-7154 • 808-591-7184 Fax  
mitchn@nogins.com

# QUICK REFERENCE TO SBA LOAN GUARANTY PROGRAMS

(Information current as of September 2008)

Program	Maximum Amount	Percent of Guaranty	Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees	Who Qualifies	Benefits to Borrowers
<b>7(a) Loans</b>								
SBA approves	\$2 million gross (\$1.5 million guaranty)	Maximum guaranty of 75% up to \$1.5 million; 85% if gross loan is \$150,000 or less.	Expansion/renovation; new construction, purchase land or buildings; purchase equipment, fixtures, lease-hold improvements; working capital; refinance debt for compelling reasons; seasonal line of credit, inventory	Depends on ability to repay. Generally working capital & machinery & equipment (not to exceed life of equipment) is 5-10 years; real estate is 25 years.	Loans less than 7 years: max. prime +2.25%; 7 yrs. or more: prime +2.75%; under \$50,000, rates can be higher by 2% for loans of \$25,000 or less; & 1% for loans between \$25,000 and \$50,000. Prepayment penalty for loans with maturities of 15 years or more if prepaid during 1st 3 years.	(Fee charged on guaranteed portion of loan only.) Maturity 1 year or less 0.25% guaranty fee; over 1 year: \$150,000 gross amount or less = 2%; \$150,001 - \$700,000 = 3.0%; over \$700,000 = 3.5%. 3.75% on guar. portion over \$1 million. Ongoing fee of 0.494%.	Must be for profit & meet SBA size standards; show good character, credit, management, & ability to repay. Must be an eligible type of business.	Long-term financing; Improved cash flow; Fixed maturity; No balloons; No prepayment penalty (under 15 years)
<a href="http://www.sba.gov/services/financialassistance/sba.oantopics/7a/index.html">www.sba.gov/services/financialassistance/sba.oantopics/7a/index.html</a>								
<b>SBAExpress</b> Lender approves. Minimal SBA paperwork.	\$350,000	50%	May be used for revolving lines of credit (up to 7 year maturity) or for a term loan (same as 7(a)).	See 7(a)	Loans \$50,000 or less prime + 6.5%; \$50,000 + Prime + 4.5%.	See 7(a)	See 7(a)	Faster turnaround; Streamlined process; Easy-to-use line of credit
<a href="http://www.sba.gov/services/financialassistance/7alenderprograms">www.sba.gov/services/financialassistance/7alenderprograms</a>								
<b>Community Express.</b> Lender approves. Minimal SBA paperwork.	\$250,000	Same as 7(a)	See 7(a)	See 7(a)	Same as 7(a)	See 7(a)	HUBZones; LMI areas; All loans of \$50,000 or less	Lender uses own forms; Streamlined process; No collateral required for loans up to \$25,000; Designed for smaller loans; Technical assistance provided
<a href="http://www.sba.gov/services/financialassistance/7alenderprograms">www.sba.gov/services/financialassistance/7alenderprograms</a>								
<b>Patriot Express</b> Lender approves loan. Minimal additional SBA paperwork.	\$500,000	Same as 7(a)	See 7(a)	See 7(a)	Same as 7(a)	See 7(a)	See 7(a). In addition, small business must be owned & controlled by one or more of the following groups: veteran, active-duty military, reservist or National Guard member or a spouse of any of these groups, or a widowed spouse of a service member or veteran who died during service or of a service connected disability.	Lower rate maximums than other SBA Express programs Fast turnaround Expanded eligibility Electronic application
<a href="http://www.sba.gov/services/financialassistance/7alenderprograms">www.sba.gov/services/financialassistance/7alenderprograms</a>								
<b>CAPLines:</b> Short-term/Revolving Lines of Credit; Seasonal Contract Builders Standard/ Small Asset-Based	\$2 million (small asset based limited to \$200,000)	75% if more than \$150,000; 85% if total loan is \$150,000 or less.	Finance seasonal working capital needs; cost to perform; construction costs, advances against existing inventory and receivables, consolidation of short-term debts.	Up to 5 years	Same as 7(a) except the Standard Asset-Based no fee restriction, but fee disclosure to SBA required.	See 7(a)	See 7(a) Existing business	Funds short-term working capital ;Various lines of credit; Allows business to obtain contracts; Larger in size for business growth; Can be used to create current assets; Can be used to finance existing current assets
<a href="http://www.sba.gov/services/financialassistance/SpecialPurposeLoans">www.sba.gov/services/financialassistance/SpecialPurposeLoans</a>								
<b>International Trade</b>	\$2 million (Separate working-capital loan + IT loan together may have \$1.75 million combined guaranty.)	75% if more than \$150,000; 85% if total loan is \$150,000 or less	IT loan must be used only for the acquisition of long-term, fixed assets. A separate working-capital loan may be used for working capital needs associated with international trade.	Up to 25 years.	Same as 7(a)	See 7(a)	Small businesses (see 7(a) for qualifications) engaged/preparing to engage in international trade/adversely affected by competition from imports.	Long-term financing for land and building where assets are used to produce products for export.
<a href="http://www.sba.gov/services/financialassistance/SpecialPurposeLoans">www.sba.gov/services/financialassistance/SpecialPurposeLoans</a>								
<b>Export Working Capital Program</b> 1-page application, fast turnaround, may apply for prequalification letter.	\$2 million (may be combined with International Trade loan)	90% up to \$1.5 million maximum guaranty	Short-term, working-capital loans for exporters	Matched single transaction cycle or generally 1 yr. for line of credit.	No cap	See 7(a)	Small businesses 7(a) for other qualifications, those who need short-term working capital.	Short-term working capital for export needs; Inexpensive minimum guaranty fee ¼ of 1%; Revolving or transaction based; Allows specific financing for exporting without disrupting domestic financing & business plan
<a href="http://www.sba.gov/services/financialassistance/SpecialPurposeLoans">www.sba.gov/services/financialassistance/SpecialPurposeLoans</a>								
<b>Non-7(a) Loans</b>								
<b>Microloans</b> Loans through non-profit lending organizations; technical assistance also provided.	\$35,000 (total loan amount to small business borrower)	Not applicable	Purchase machinery & equipment, fixtures, lease-hold improvements; finance increased receivables; working capital. Cannot be used to repay existing debt.	Shortest term possible, not to exceed 6 years	Negotiable with intermediary; Subject to either 7.75 or 8.5% above intermediary cost of funds.	No guaranty fee	Same as 7(a) except non-profit day care	Direct loans from non-profit intermediary lenders; Fixed-rate financing; Very small loan amounts; Technical assistance available
<a href="http://www.sba.gov/services/financialassistance/sbaloantopics">www.sba.gov/services/financialassistance/sbaloantopics</a>								
<b>504 Loans</b> Provided through Certified Development Companies (CDCs) which are licensed by SBA.	504 loan maximum amount ranges from \$1.5 million to \$4.0 million depending on type business.	Project costs financed by: 504 Loan up to 40% Lender: 50% Equity 10-20%.	Long-term, fixed-asset loans Lender (non-guaranteed) financing secured by first lien on project assets. 504 loan provided from SBA 100% guaranteed debenture sold to investors at fixed rate secured by 2nd lien.	504 Loan: 10- or 20-year term; Lender (unguaranteed) financing may have a shorter term.	Fixed rate on 504 Loan established when debenture backing loan is sold. Declining prepayment penalty for 1/2 of term.	Ongoing guaranty fee on 504 loan (FY 2008) is 0.021% of principal O/S. Ongoing fee % does not change during term.	For profit businesses that do not exceed \$7.5 million in tangible net worth and do not have average net income over \$2.5 million for past 2 years.	Fees under 3%; Long-term fixed rate; Low down payment; Full amortization; no balloons
<a href="http://www.sba.gov/services/financialassistance/sbaloantopics">www.sba.gov/services/financialassistance/sbaloantopics</a>								

## BUSINESS PREPARATION

# SMALL BUSINESS TRAINING NETWORK

How to Get Equipped With Business Intelligence



**T**he Small Business Training Network is an Internet-based training site. It provides small businesses with free online courses, workshops, learning tools and direct access to electronic counseling and other forms of technical assistance.

### Key Features of the SBTN:

- Training is available anytime and anywhere—all you need is a computer with Internet access.
- More than 23 free online courses and workshops available
- Offers a comprehensive e-library with hundreds of e-publications, electronic tools and information resources.

- Online, interactive assessment tools are featured and used to direct clients to appropriate training.

Find the SBTN at  
[www.sba.gov/training](http://www.sba.gov/training).

## CONTRACTING OPPORTUNITIES

# FEDERAL PROCUREMENT OPPORTUNITIES

How to Apply for Government Contracts



The federal government is the largest purchaser of goods and services in the world. However, small businesses face challenges when trying to win federal contracts. The SBA can help small businesses work through these challenges. Working closely with federal agencies and the nation's leading large contractors, the SBA works to ensure that small businesses obtain a fair share of government contracts and subcontracts. The SBA has a number of programs to help small firms do business with the federal government.

For more information, visit: [www.sba.gov/gc](http://www.sba.gov/gc)

## THE PRIME CONTRACTS PROGRAM

Through the Prime Contracts Program, the SBA helps to increase small business' share of government prime contracts. SBA Procurement Center Representatives work to expand contracting opportunities for small businesses. PCRs review contracting strategies and actions, recommend contracting sources, and provide one-to-one counseling and training to small businesses seeking to do business with the federal government.

Visit the SBA's Office of Government Contracting home page at: [www.sba.gov/gc](http://www.sba.gov/gc) for a listing of PCRs and buying installations nationwide.

## The Subcontracting Assistance Program

The Subcontracting Assistance Program promotes maximum use of small businesses by the nation's large prime contractors. The SBA's Commercial Market Representatives work with large businesses to identify and

expand subcontracting opportunities for small businesses. CMRs conduct compliance reviews to ensure that large businesses comply with small business subcontracting requirements. They also provide guidance to assist small businesses in identifying subcontracting opportunities and marketing their products and services to these large contractors.

CMRs also work with agencies to ensure subcontracting with small and small, disadvantaged businesses, women-owned small businesses, HUBZone firms and small businesses owned by service-disabled veterans through inclusion of subcontracting evaluation factors and sub-factors.

## THE CERTIFICATE OF COMPETENCY PROGRAM

The Certificate of Competency program allows a small business to appeal a contracting officer's determination that it is unable to fulfill the requirements of a specific government contract on which it is the apparent low bidder. The SBA will conduct a detailed review of the firm's technical and

financial capabilities to perform on the contract. If the business demonstrates the ability to perform, the SBA issues a Certificate of Competency to the Contracting Officer, requiring award of that contract to the small business.

## SMALL BUSINESS SIZE STANDARDS

The Small Business Act states that a small business concern is "one that is independently owned and operated and which is not dominant in its field of operation." The law also states that in determining what constitutes a small business, the definition will vary from industry to industry to reflect industry differences accurately. The SBA's Small Business Size Regulations (13 CFR Part 121, [www.sba.gov/size/indexableofsize.html](http://www.sba.gov/size/indexableofsize.html)) implement the Small Business Act's mandate to the SBA.

The SBA has also established a table of size standards, matched to North American Industry Classification System industries, used to determine eligibility for SBA

programs and small business preferences for federal government contracts.

See more at: <http://www.sba.gov/services/>, then click on “Size Standards” under the “Contracting Opportunities” menu across the bottom.

## Size Determination

The Size Determination Program, administered by SBA’s six government contracting area offices, ensures that only small firms receive contracts and other benefits reserved exclusively for small business. When a firm’s claim that it is small is challenged, the SBA determines if the firm does, in fact, meet established SBA size standards. Size determinations may also be made when requested in connection with other federal small business programs.

Additional information is available at the above “Size Standards” site.

## SMALL BUSINESS VENDOR DATABASE

As part of the Integrated Acquisition Environment Initiative, the SBA works with the General Services Administration and Department of Defense to provide a database of vendors, including small business. The Central Contractor Registration System is the primary gateway vendor and grantee database for the federal government. CCR collects, stores and disseminates data to support agency acquisition and grants missions. Both current and potential federal government vendors and grantees are required to register in CCR to receive federal contracts or grants. Vendors are required to complete a one-time registration to provide basic information relevant to procurement, grant and financial transactions.

Vendors must update or renew their registration at least once a year to maintain an active status. The SBA provides the CCR with authoritative source information regarding certifications under 8(a) Business Development, HUBZone and Small Disadvantaged Business programs and provides the small business size status against each North American Industry Classification code listed in a registrant’s profile.

SBA maintains the Dynamic Small Business Search function of the CCR. Businesses profiled on the DSBS can be searched by NAICS codes, keywords, location, quality certification, bonding level business type, ownership, SBA certification, and by women, minority, veteran and service-disabled veteran ownership. The DSBS serves as a marketing tool for small businesses because the business profiles in the DSBS include information from SBA’s files and other available databases plus additional

business and marketing information on individual firms.

To search the DSBS for small businesses, click on: [http://dsbs.sba.gov/dsbs/search/dsp\\_dsbs.cfm](http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm) or select the “Dynamic Small Business Search” at the CCR Web site at: <http://www.ccr.gov>.

Registration in the DSBS is through the CCR. For more information on CCR, or to register, click the CCR Web site. Before registering in CCR, go to the top of the Web page and download the handbook which contains data for a successful registration.

## SUB-NET

Prime contractors use SUB-Net to post subcontracting opportunities. Small businesses can review this Web site to identify opportunities in their area(s) of expertise. While the Web site is designed primarily as a place for large businesses to post solicitations and notices, it is also used by federal agencies, state and local governments, nonprofit organizations, colleges and universities, and even foreign governments for the same purpose.

The Web site has shifted the traditional marketing strategy from the shotgun approach to one that is more focused and sophisticated. Instead of marketing blindly to hundreds of prime contractors, with no certainty that any given company has a need for their product or service, small businesses can now use their resources (saving time and money) to identify concrete, tangible opportunities and then submit bids/proposals targeting these potential subcontracting opportunities.

SUB-Net is available at the SBA Web site by visiting: <http://web.sba.gov/subnet>

## HUBZONE PROGRAM

The Historically Underutilized Business Zone Program stimulates economic development and creates jobs in urban and rural communities by providing federal contracting assistance to small businesses.

The HUBZone program establishes preferences for award of federal contracts to small businesses located in historically underutilized business zones.

In general, small businesses may obtain HUBZone certification by employing staff who live in a HUBZone and maintaining a “principal office” in one of these specially designated areas.

### SBA is responsible for:

- Determining whether or not individual concerns are qualified HUBZone small business concerns, and therefore eligible to receive HUBZone contracts;

- Maintaining a list of qualified HUBZone small business concerns for use by acquisition agencies in awarding contracts under the program; and
- Adjudicating protests and appeals of eligibility to receive HUBZone contracts.

### To qualify for the program, a business must meet the following criteria:

- It must qualify as a small business by SBA size standards;
- Its principal office must be located within a HUBZone, which includes lands on federally recognized Indian reservations and covered by phrase “Indian Country”;
- It must be owned (at least 51 percent) by one or more U.S. citizens, Community Development Corporation, an agricultural cooperative, an Indian tribe; and
- At least 35 percent of its employees must reside in a HUBZone.

Existing businesses that choose to move to qualified areas are eligible. To fulfill the requirement that 35 percent of a HUBZone firm’s employees reside in a HUBZone, employees must live in a primary residence within that area for at least 180 days or be a currently registered voter in that area.

For additional information regarding the HUBZone Program, please visit:

<http://www.sba.gov/services/contractingopportunities/contracting/hubzone/index.html/>.

## ASSISTANCE FOR SMALL AND DISADVANTAGED BUSINESSES

### 8(a) Business Development Program

The SBA’s Section 8(a) Business Development Program provides various forms of assistance (management and technical assistance, financial assistance, government contracting assistance and advocacy support) to foster the growth and development of businesses owned by socially and economically disadvantaged individuals. SBA assists these businesses, (during a nine-year tenure in the 8(a) Business Development Program), to gain access to the resources necessary to develop their businesses and improve their ability to compete in the mainstream of the American economy.

Business development assistance includes one-to-one counseling, training workshops, and other management and technical guidance required to expand into the federal government contracting arena.

The SBA enters into contracts with other federal agencies and subcontracts the performance of such contracts to 8(a) program participants.

## Eligibility Criteria:

To participate in the 8(a) program, a business must be:

- a small business concern
- owned by a U.S. citizen
- at least 51 percent unconditionally owned and controlled by one or more an individual(s) who qualify as socially and economically disadvantaged
- established for two full years before applying (or qualifying for a waiver of the two-year rule)

## Social disadvantage:

Socially disadvantaged is defined as individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual capabilities. The following individuals are presumed to be socially disadvantaged: Black Americans, Native Americans, Hispanic Americans, Asian Pacific Americans and Subcontinent Asian Americans. An individual who is not a member of one of the groups presumed to be socially disadvantaged must establish individual social disadvantage by a preponderance of the evidence. Anyone may apply for 8(a) Program certification.

For additional information regarding evidence of social disadvantage, please visit: <http://www.sba.gov/aboutsba/sbaprograms/8abd/index.html>.

## Economic disadvantage:

Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free-enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged.

## Net worth:

For initial 8(a) Program certification, the net worth of an individual claiming disadvantage, must be less than \$250,000. For continued 8(a) Program eligibility after admission, net worth must be less than \$750,000. In determining such net worth, SBA will exclude the ownership interest in the applicant business and the equity in the primary residence.

## Day-to-Day Management:

- Management and daily business operations must be controlled by the disadvantaged individual(s) upon whom eligibility is based.
- The individual(s) must have management or technical expertise.

For additional information on the 8(a) Business Development Program, please visit: <http://www.sba.gov/aboutsba/sbaprograms/8abd/index.html>.

## Small Disadvantaged Business Certifications

To qualify as a small disadvantaged business, a firm must be owned and controlled by one or more individuals who are socially and economically disadvantaged. Congress has directed that individuals who are members of certain ethnic groups are presumed to be disadvantaged. Other persons, including women and persons of any race, can also qualify by establishing their disadvantaged status.

Once certified by the SBA, the firm can be added to an online registry of SDB-certified firms maintained in CCR/DSBS. Firms remain on the list for three years. Contracting Officers and prime contractors may search this registry for potential contractors.

For additional information on SBD Certification and Eligibility, visit the SBD Web site at: [www.sba.gov/services](http://www.sba.gov/services), and select "Small Business Certifications" from the "Contracting Opportunities" menu in the center of the page.

## Online 8(a)/SDB Application

The online 8(a)/SDB application allows small companies to apply for 8(a) Business Development and Small Disadvantaged Business certification directly from SBA's Web site. The 8(a)/SDB online application incorporates features including context sensitive help, real-time validation, printer-friendly versions and integrates with the CCR/DSBS.

You may access the electronic 8(a)/SDB application by visiting: <https://sba8a.symplicity.com/applicants/guide>

If you are having difficulty with SBA's General Login System (GLS), please e-mail SBA at [ITSecurity@sba.gov](mailto:ITSecurity@sba.gov).

If you are having difficulty with the Central Contractor Registration (CCR), please go to <http://www.ccr.gov/help.asp> for contact information.

If you have difficulty with the Dynamic Small Business Search, please contact: the DSBS Help Desk at 202-205-9984 or email: [PRONET@sba.gov](mailto:PRONET@sba.gov).

Small Disadvantaged Business (SDB) E-application, please contact [SDB@sba.gov](mailto:SDB@sba.gov).

8(a) Business Development E-application, please contact [8ABD@sba.gov](mailto:8ABD@sba.gov).

## The Mentor-Protégé Program for 8(a) Participants

Through the SBA's Mentor-Protégé Program, 8(a) Program participants can receive in-depth business advice to assist them in becoming more competitive in obtaining federal government contracts. The SBA's Mentor-Protégé Program encourages private-sector relationships and broadens the agency's efforts to address the needs of clients in the 8(a) Program.

If you are an 8(a) participant, mentors can provide you with technical and management assistance, financial assistance in the form of equity investments or loans, subcontract support, and assistance in performing prime contracts through joint-venture arrangements with 8(a) businesses.

For additional information, please visit: <http://www.sba.gov/aboutsba/sbaprograms/8abd/index.html>.

## MANAGEMENT AND TECHNICAL ASSISTANCE

SBA's Section 7(j) Management and Technical Assistance Program authorizes the SBA to enter into grants, cooperative agreements and contracts with public or private organizations to pay all or part of the cost of technical or management assistance for individuals or concerns eligible for assistance under sections: 7(a) (11), 7(j) (10), or 8(a) of the Small Business Act. Specifically, the following are eligible to receive management and technical assistance including businesses which qualify as small under 13CFR part 121 of this title: concerns located in urban or rural areas with high proportions of unemployed or low-income individuals, or which are owned by such low-income individuals; and businesses eligible to receive 8(a) contracts.

The types of assistance available to eligible individuals through the Management and Technical Assistance Program include counseling and training in the areas of:

- Finance
- Management
- Accounting
- Bookkeeping
- Marketing and presentation analysis
- Advertising
- Loan packaging
- Proposal bid preparation
- Feasibility studies
- Industry specific technical assistance
- The identification and development of new business opportunities

More information is at:

<http://www.sba.gov/aboutsba/sbaprograms/8abd/index.html>

## SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS

In 1999, public law established federal procurement opportunities for veterans and service-disabled veterans. In 2003, the Small Business Act established procurement vehicles for small businesses owned and controlled by service-disabled veterans.

Contracting officers may award a sole-source or set-aside contract to a small business owned by a service-disabled veteran if:

- The business is a responsible contractor able to perform the contract, and the contracting officer does not reasonably expect two or more small businesses owned and controlled by service-disabled veterans will submit offers.
- The anticipated award price of the contract (including options) won't exceed \$5 million in case of a contract opportunity assigned a North American Industry Classification System code for manufacturing; or
- \$3 million in the case of any other contract opportunity;
- In the estimation of the contracting officer, the contract award can be made at a fair and reasonable price.

Additionally, a contracting officer may award contracts after competition restricted to small business concerns owned and controlled by service-disabled veterans if the contracting officer reasonably expects two or more small businesses owned and controlled by service-disabled veterans will submit offers and that the award can be made at a fair market price.

Veterans and service-disabled veterans may participate in all SBA procurement programs. To determine your eligibility, contact your local veterans business development officer in your nearest SBA district office, visit the various program Web sites or contact the SBA's Office of Veterans Business Development at [www.sba.gov/vets](http://www.sba.gov/vets).

## SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The SBIR Program encourages small businesses to explore their technological potential by reserving a specific percentage of federal research and development funds for small businesses. The program serves to fund the critical startup and development stages for a technology and encourages commercialization of the technology, product or service. In turn, this stimulates the U.S. economy.

### SBIR Requirements:

Small businesses must meet the following eligibility criteria to participate in the SBIR program.

- Be 51 percent owned and controlled by one or more individuals who are U.S. citizens or permanent resident aliens in the U.S. or be a for-profit business concern that is at least 51 percent owned and controlled by another for-profit business concern that is at least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the U.S.
- Be organized for profit.

- Principal researcher must be employed by small business.
- Company size cannot exceed 500 employees.

For more information on the SBIR Program visit [www.sba.gov/services](http://www.sba.gov/services), then scroll down the "Contracting Opportunities" menu along the bottom and click on "Contracting Program." From there, select "SBIR/STTR Programs" from the menu that appears on the right-hand side.

### U.S. Small Business Administration

Office of Technology  
409 Third St. S.W., 8th Fl.  
Washington, DC 20416  
202-205-6450

### High Technology Development Corporation (HTDC)

2800 Woodlawn Dr.  
Honolulu, HI 96822  
808-539-3814 • 808-539-3611 Fax  
[www.htdc.org](http://www.htdc.org)

### Participating Agencies:

Each year, the following eleven federal departments and agencies are required to reserve a portion of their R&D funds for award to small business: Departments of Agriculture; Commerce; Defense; Education; Energy; Health and Human Services; Homeland Security; Transportation; Environmental Protection Agency; National Aeronautics and Space Administration; and National Science Foundation.

## SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM

This STTR program reserves a specific percentage of federal R&D funding for award to small business and nonprofit research institution partners. Small business has long been where innovation and innovators thrive. But the risk and expense of conducting serious R&D efforts can be beyond the means of many small businesses. Conversely, nonprofit research laboratories are instrumental in developing high-tech innovations. But frequently, innovation is confined to the theoretical, not the practical. STTR combines the strengths of both entities by introducing entrepreneurial skills to high-tech research efforts. The technologies and products are transferred from the laboratory to the marketplace. The small business profits from the commercialization, which, in turn, stimulates the U.S. economy.

### STTR Requirements:

Small businesses must meet the following eligibility criteria to participate in the STTR Program.

- Be 51 percent owned and controlled by one or more individuals who are U.S. citizens or permanent resident aliens in the U.S.
- Be organized for profit.
- Principal researcher need not be employed by small business.
- Small business must conduct at least 40 percent of the work.
- Company size cannot exceed 500 employees. (No size limit for nonprofit research institution).

### The nonprofit research institution partner must also meet certain eligibility criteria:

- Be located in the United States and be one of the following:
- Nonprofit college or university.
- Domestic nonprofit research organization.
- Federally funded R&D center.
- The research institution must conduct at least 30 percent of the work.

### Participating Agencies:

Each year the following five Federal departments and agencies are required by STTR to reserve a portion of their R&D funds for award to small business/nonprofit research institution partnerships: Department of Defense; Department of Energy; Department of Health and Human Services; National Aeronautics and Space Administration; and National Science Foundation.

## TECH-NET

TECH-Net is an Internet-based database of information containing Small Business Innovation Research awards, Small Business Technology Transfer awards, Advanced Technology Program awards, and Manufacturing Extension Partners centers.

It is a search engine and electronic gateway of technology information and resources for and about small high-tech businesses. It is a tool for researchers, scientists, state, federal and local government officials, a marketing tool for small firms and a potential "link" to investment opportunities for investors and other sources of capital.

TECH-Net is a free service for those seeking small business partners, small business contractors and subcontractors, leading edge technology research, research partners, (e.g. small businesses, universities, federal labs and non-profit organizations), manufacturing centers and investment opportunities.

TECH-Net is available at:  
<http://tech-net.sba.gov/index.cfm>.

## DISASTER RECOVERY

# DISASTER ASSISTANCE

Knowing the Types of Assistance Available for Recovery



**T**he disaster program is SBA's largest direct loan program, and the only SBA program for entities other than small businesses. SBA is responsible for providing affordable, timely and accessible financial assistance to homeowners, renters, businesses of all sizes and private, non-profit organizations following declared disasters. By law, neither governmental units nor agricultural enterprises are eligible.

The SBA is authorized by the Small Business Act to make two types of disaster loans:

### Physical Disaster Loans

Physical Disaster Loans are the primary source of funding for permanent rebuilding and replacement of uninsured or underinsured disaster damages to privately-owned real and/or personal property. SBA's physical disaster loans are available to homeowners, renters, businesses of all sizes and private nonprofit organizations of all sizes. The loan limit for personal property (for homeowners and renters) is \$40,000 and the loan limits for real estate are \$200,000 for homeowners and \$2 million for businesses.

### Economic Injury Disaster Loans

Economic injury disaster loans provide the necessary working capital until normal operations resume after a declared disaster. The law restricts economic injury disaster

loans to small businesses, small agricultural cooperatives and private nonprofit organizations of all sizes. The loan limit for economic injury, as a direct result of the disaster event, is \$2 million. These working capital loans are intended to be made to entities without credit elsewhere, as determined by SBA, to help pay ordinary and necessary operating expenses that would have been payable barring the disaster event. The limit for physical and EIDL loans combined is \$2 million.

In addition to disaster loans, the SBA also provides loan support to Military Reservists:

### Military Reservist Economic Injury

Military Reservists Economic Injury Disaster Loans are available for up to \$2 million to assist eligible small businesses meet their ordinary and necessary operating expenses that they could have met, but are unable to meet, because an essential employee was "called up" to active duty in his/her role as a military reservist. These loans are intended to provide only the amount of working capital needed by a small business to pay its necessary obligations as they mature until operations return to normal after the essential employee is released from active military duty.

For all disaster loans, SBA can only approve loans to applicants having a credit history acceptable to SBA and who also show the ability to repay all loans. The terms of each loan are established in accordance with each borrower's ability to repay. The law

gives SBA several powerful tools to make disaster loans affordable: low-interest rates (around 4 percent), long-terms (up to 30 years), and refinancing of prior liens (in some cases). As required by law, the interest rate for each loan is based on SBA's determination of whether each applicant does or does not have credit available elsewhere (the ability to borrow or use their own resources to overcome the disaster).

More information on all of SBA's disaster assistance programs is at:

<http://www.sba.gov/services/disasterassistance/index.html>.

### Disaster Preparedness

For small businesses, surviving a disaster doesn't begin with clearing the debris and returning to work.

Surviving begins long before the disaster strikes – with proper planning. Your planning should include insurance coverage, emergency power, company records, fire safety, medical emergencies, taking care of your employees and continuity planning – how your business will continue during and after the emergency or disaster.

Starting is as easy as clicking on the SBA's Disaster Preparedness Web site at: <http://www.sba.gov/services/disasterassistance/disasterpreparedness/index.html>. The site includes a wealth of information on the SBA's disaster recovery programs for homeowners and renters, and businesses of all sizes. There are articles on emergency planning for disasters, descriptions of SBA's programs, and links to government and industry Web sites with great planning information.

There is also a link to [www.ready.gov](http://www.ready.gov), the Department of Homeland Security's Web site for home and business disaster planning.

Small- to medium-sized businesses are the most vulnerable in an emergency. A plan can help protect your company and enhance its potential to recover after an emergency.

The ready.gov site contains downloadable publications detailing the planning you'll need to stay in business after a disaster strikes. One publication, the Ready Business Mentoring Guide – User Edition, contains worksheets, checklists, testimonials and a sample emergency plan to use for study. You can order the publication or download it free.

Planning for a disaster is the best way of limiting its effects.

## ADVOCACY

# WATCHING OUT FOR YOU

The SBA is Your Voice in Washington



### OFFICE OF ADVOCACY

The SBA's Office of Advocacy, the "small business watchdog" of the government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, the President and federal appellate courts as friends of the court. Advocacy compiles and interprets statistics on small business and is the primary entity within the federal government to disseminate small business data.

Advocacy also funds outside research into small business issues and produces numerous publications to inform policy makers about the important role of small business in the economy and the impact of government policies on small business. In addition, the office monitors federal agency compliance with the Regulatory Flexibility Act – the law that requires agencies to analyze the impact of their proposed regulations on small entities (including small businesses, small governmental jurisdictions and small nonprofit organizations), and consider regulatory alternatives that minimize the economic burden on small entities.

Advocacy's mission is enhanced by a team of regional advocates, located in the SBA's 10 regions. They are Advocacy's direct link to small business owners, state and local government entities, and organizations that support the interests of small entities. The regional advocates help identify regulatory concerns of small business by monitoring the impact of federal and state policies at the grassroots level. Finally, the office is headed by the Chief Counsel for Advocacy who is appointed by the President and confirmed by the U.S. Senate.

Learn more about the Office of Advocacy at: [www.sba.gov/advo](http://www.sba.gov/advo).

### OFFICE OF THE NATIONAL OMBUDSMAN

If excessive fines, penalties or unfair regulatory enforcement by federal agencies are problems for your small business, you have a voice in Washington, D.C., through the SBA's Office of the National Ombudsman.

The Ombudsman receives comments regarding federal regulatory enforcement from small business owners, nonprofit organizations and small government entities.

Comments are forwarded to federal agencies for review, and in some cases fines may be lowered or eliminated and decisions changed in favor of the small business owner. Each year the National Ombudsman files a report with the U.S. Congress on the responsiveness of federal agencies regarding their actions of regulatory and compliance enforcement on small businesses.

To request help, send the National Ombudsman a complete Federal Agency Comment Form. You may do this by fax at 202-481-5719; online at the Ombudsman's Web page: <http://www.sba.gov/aboutsba/sbaprograms/ombudsman/index.html>; or by mail at 409 Third Street S.W., Mail Code 2120, Washington, DC 20416.

The Ombudsman also coordinates 10 regional regulatory fairness boards which meet regularly to receive comments about federal regulations affecting small businesses.

Learn more about the National Ombudsman from the Web site above or call 888-REG-FAIR.

# OTHER ASSISTANCE

## OTHER SOURCES OF ASSISTANCE

### Small Business Assistance

#### HAWAII SMALL BUSINESS DEVELOPMENT CENTER NETWORK

[www.sbdcc-hawaii.org](http://www.sbdcc-hawaii.org)  
Kauai 808-241-3148  
Oahu 808-945-1430  
Maui 808-875-2402  
Hawaii 808-933-0776  
Business Research Library 800-509-3100

#### HAWAII WOMEN'S BUSINESS CENTER

1041 Nuuanu Ave., Ste. A  
Honolulu, HI 96817  
808-526-1001  
[www.hwbc.org](http://www.hwbc.org)

#### BUSINESS ACTION CENTER

State of Hawaii  
1130 N. Nimitz, Ste. A-254  
Honolulu, HI 96817  
808-586-2545  
[www.hawaii.gov/dcca/areas/bac/](http://www.hawaii.gov/dcca/areas/bac/)

#### SMALL BUSINESS RESOURCE CENTER

1041 Nuuanu Ave., Ste. A  
Honolulu, HI 96817  
808-547-7878  
[www.co.honolulu.hi.us](http://www.co.honolulu.hi.us)

#### FOREIGNTRADE ZONE NO. 9

521 Ala Moana, Pier 2  
Honolulu, HI 96813  
808-586-2507  
808-586-2512 Fax  
[www.ftz9.org/](http://www.ftz9.org/)

#### HAWAII EXPORT ASSISTANCE CENTER

521 Ala Moana Blvd., Ste. 214  
Honolulu, HI 96813  
808-522-8041  
808-522-8045 Fax  
[www.export.gov](http://www.export.gov)

#### INTERNAL REVENUE SERVICE

Taxpayer Advocate Service  
300 Ala Moana Blvd., #50089,  
M/SH405  
Honolulu, HI 96850  
808-539-2870

#### KUHA'O BUSINESS CENTER ON MOLOKAI

2 Kamoi St., #600  
Kaunakakai, HI 96748

#### HAWAII SCIENCE & TECHNOLOGY COUNCIL (HSTC)

733 Bishop St., Ste. 2950  
Honolulu, HI 96813  
808-536-4670  
808-536-4680 Fax  
[www.hawaiiiscitechcouncil.org](http://www.hawaiiiscitechcouncil.org)

#### HIGH TECHNOLOGY DEVELOPMENT CENTER (HTDC)

Manoa Innovation Center  
2800 Woodlawn Dr.  
Honolulu, HI 96822  
808-539-3600  
[www.htdc.org](http://www.htdc.org)

#### HONOLULU MINORITY BUSINESS ENTERPRISE CENTER

2404 Maile Way, D307  
Honolulu, HI 96822  
808-956-0850  
<http://honolulu-mbdc.org/cms/>

#### MAUI COUNTY BUSINESS RESOURCE CENTER

Maui Mall, 700 Kaahumanu, B-9  
Kahului, Maui 96732  
808-873-8247  
<http://www.mauicounty.gov/mayor/economic/mcbrc>

#### MAUI ECONOMIC OPPORTUNITY BUSINESS DEVELOPMENT CORP.

99 Mahalani St.  
Wailuku, HI 96793  
808-249-2990  
808-249-2991 Fax

#### HAWAII DEPT. OF TRANSPORTATION

Disadvantaged Business Enterprise  
3869 Punch Bowl  
Honolulu, HI 96813  
808-587-6333

#### NFIB NATIONAL FEDERATION OF INDEPENDENT BUSINESS

841 Bishop St., Ste. 1628  
Honolulu, HI 96813  
808-523-3695  
[www.nfib.org.com](http://www.nfib.org.com)

#### PACIFIC GATEWAY CENTER

720 N. King St.  
Honolulu, HI 96817  
808-851-7006

#### OFFICES OF ECONOMIC DEVELOPMENT:

##### CITY & COUNTY OF HONOLULU

<http://www.co.honolulu.hi.us/menu/ecodev/index.htm>

##### COUNTY OF HAWAII

808-961-8366  
[www.hawaii-county.com](http://www.hawaii-county.com)

##### COUNTY OF KAUAI

808-241-6390  
<http://www.kauai.gov/OED/%20'Kauai%20County%20Office%20Economic%20Development'>" \o "Click to bookmark. For Mozilla / Firefox use Ctrl + d" <http://www.kauai.gov/OED>

##### COUNTY OF MAUI

808-270-7710  
<http://www.co.maui.hi.us/mayor/economic/>

## CHAMBERS & BUSINESS ORGANIZATIONS

#### AFRICAN AMERICAN COMMERCIAL COUNCIL OF HAWAII

1311 Kapiolani Blvd., Ste. 203  
Honolulu, HI 96814  
808-597-1341

#### CHAMBER OF COMMERCE OF HAWAII

1132 Bishop St., Ste. 404  
Honolulu, HI 96813  
808-545-4300  
808-545-4369 Fax  
[www.cochawaii.org](http://www.cochawaii.org)

#### CHINESE CHAMBER OF COMMERCE

42 N. King St.  
Honolulu, HI 96817  
808-533-3181  
808-533-6967 Fax  
[www.chinesechamber.org](http://www.chinesechamber.org)

#### FILIPINO CHAMBER OF COMMERCE

1136 Union Mall, Ste. 804  
Honolulu, HI 96813  
[www.filipinochamber.org](http://www.filipinochamber.org)

#### HAWAII ISLAND CHAMBER OF COMMERCE

106 Kamehameha Ave.  
Hilo, HI 96720  
808-935-7178  
808-961-4435 Fax  
<http://www.hicc.biz/>

#### HAWAII KOREAN CHAMBER OF COMMERCE

P.O. Box 2296  
Honolulu, HI 96804  
[www.hkccweb.org](http://www.hkccweb.org)

#### HONG-KONG-CHINA-HAWAII CHAMBER OF COMMERCE

55 Merchant St., Harbor Ct., Ste. 1813  
Honolulu, HI 96813  
808-222-8183  
808-524-8063 Fax  
[www.hkchcc.org](http://www.hkchcc.org)

#### HONOLULU JAPANESE CHAMBER OF COMMERCE

2454 S. Beretania St., Ste. 201  
Honolulu, HI 96826  
808-949-5531  
808-949-3020 Fax  
[www.honolulujapanesechamber.org](http://www.honolulujapanesechamber.org)

#### JAPANESE CHAMBER OF COMMERCE & INDUSTRY OF HAWAII

400 Hualani St., Ste. 20B  
Hilo, HI 96720  
808-934-0177  
808-934-0178 Fax

#### KAILUA CHAMBER OF COMMERCE

P.O. Box 1496  
Kailua, HI 96734  
808-261-2727  
808-261-2676 Fax  
[www.visitkailua.com](http://www.visitkailua.com)

#### KAUAI CHAMBER OF COMMERCE

4268 Rice St., Ste. H  
Lihue, HI 96766  
808-245-7363  
808-245-8815 Fax  
[www.kauaichamber.org](http://www.kauaichamber.org)

#### KONA-KOHALA CHAMBER OF COMMERCE

75-5737 Kuakini Hwy., #208  
Kailua-Kona, 96740  
808-329-1758  
808-329-8564 Fax  
[www.kona-kohala.com](http://www.kona-kohala.com)

#### MAUI CHAMBER OF COMMERCE

70 Kaahumanu Ave., Unit B-9  
Kahului, HI 96732  
808-871-7711  
808-242-5475 Fax  
[www.mauichamber.com](http://www.mauichamber.com)

#### MOLOKAI CHAMBER OF COMMERCE

P.O. Box 515  
Kaunakakai, HI 96748  
808-553-4482  
[www.molokaichamber.org](http://www.molokaichamber.org)

#### NATIVE HAWAIIAN CHAMBER OF COMMERCE

P.O. Box 597  
Honolulu, HI 96809  
808-531-3744  
[www.nativehawaiian.cc](http://www.nativehawaiian.cc)

#### NORTH SHORE CHAMBER OF COMMERCE

PO Box 878  
Haleiwa, HI 96712  
808-637-4558  
808-637-4556 Fax  
[GoNorthShore.org](http://GoNorthShore.org)

#### SMALL BUSINESS HAWAII

6600 Kalaniana'ole Hwy., Ste. 212  
Honolulu, HI 96825  
808-396-1724  
808-396-1726 Fax  
[www.smallbusinesshawaii.org](http://www.smallbusinesshawaii.org)

#### VIETNAMESE AMERICAN CHAMBER OF COMMERCE

P.O. Box 2011  
Honolulu, HI 96805  
808-545-1889  
808-734-2315 Fax  
[www.vacch.org](http://www.vacch.org)

# TOP LENDERS



## Lenders Serving SBA's Hawaii District

### AMERICAN SAVINGS BANK (R,EX,PX)

P.O. Box 2300  
Honolulu, HI 96804  
808-539-7628 or  
808-539-7687  
808-539-7970 Fax

### BANK OF HAWAII (R,C,P,E,EX,PX)

P.O. Box 2900  
Honolulu, HI 96846  
888-643-3888

### BANCO POPULAR NORTH AMERICA (P,EX)

9600 Bryn Mawr Ave.  
Rosemount, IL 60018  
800-377-0800

### BORREGO SPRINGS BANK (P,EX,X,PX)

14101 Panama City Beach  
Pkwy., Ste. 300  
Panama City Beach, FL 32413  
866-644-0042

### BUSINESS LOAN CENTER (R,P,EX,X,PX)

3900 W Central, Ste. 210  
Wichita, KS 67203  
888-211-2911

### CAPITAL ONE SMALL BUSINESS (R,EX)

201 St. Charles Ave., 16th Fl.  
New Orleans, LA 70130  
800-222-0484

### CENTRAL PACIFIC BANK (R,C,E,EX,PX)

P.O. Box 3590  
Honolulu, HI 96811  
808-544-6833  
808-532-4949 Fax

### CENTER BANK (R,P,EX, PX)

253 N. Western Ave.  
Los Angeles, CA 90004  
213-381-2222

### COMERICA (R,P,PX)

Comerica Tower at Detroit  
Center  
500 Woodward Ave.  
Detroit, MI 48226  
800-925-2160

### FIRST HAWAIIAN BANK (R,C,P,E,EX,PX)

Credit Administration  
P.O. Box 3200  
Honolulu, HI 96847  
808-844-4444  
808-525-7169 Fax

### HAWAII CENTRAL CREDIT UNION (R)

681 S. King St.  
Honolulu, HI 96823  
808-536-3677

### HAWAII COMMUNITY FEDERAL CREDIT UNION (R,EX,PX)

73-5611 Olowalu St.  
Kailua-Kona, HI 96740  
808-930-7700

### HAWAII NATIONAL BANK (R,P,EX,PX)

P.O. Box 3740  
Honolulu, HI 96812  
808-528-7711  
808-528-7869 Fax

### HAWAII STATE FEDERAL CREDIT UNION (R)

560 Halekauwila St.  
Honolulu, HI 96813  
808-587-2710 ext. 786

### HAWAII USA FEDERAL CREDIT UNION (R,EX)

1226 College Walk  
Honolulu, HI 96817  
808-534-4300  
808-534-4790 Fax

### HEDCO LOCAL DEVELOPMENT CORP. (CD)

222 S. Vineyard St., PH-1  
Honolulu, HI 96813  
808-521-6502  
808-521-6541 Fax

### HFS FEDERAL CREDIT UNION (R)

632 Kinoole St.  
Hilo, HI 96720-3894  
808-930-1400

### HONOLULU FEDERAL CREDIT UNION (R,EX,PX)

1357 Kapiolani Blvd., G101  
Honolulu, HI 96814  
808-203-5850

### INNOVATIVE BANK (C,EX,X,PX)

360 14th St.  
Oakland, CA 96412  
866-812-1216 ext. 1

### KULA COMMUNITY FEDERAL CREDIT UNION (R)

137 Kalepa Pl.  
Kahului, HI 96732  
808-871-7710  
808-877-5967 Fax

### KAU FEDERAL CREDIT UNION (R)

P.O. Box 347  
Naalehu, HI 96772  
808-929-7334  
808-929-8766 Fax

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Wailuku, HI 96793  
808-242-5761  
808-244-2057 Fax

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3731 Wilshire Blvd., Ste. 1000  
Los Angeles, CA 90010  
877-627-2722  
213-383-0906 Fax

### NORTH HAWAII COMMUNITY FEDERAL CREDIT UNION (R)

P.O. Box 249  
Honokaa, HI 96727  
808-775-7251  
808-775-9753 Fax

### OHANA PACIFIC BANK (R,EX)

1357 Kapiolani Blvd., Ste. 102  
Honolulu, HI 96814  
808-237-6551  
808-237-6555 Fax

### PACIFIC GATEWAY CENTER (M)

723C Umi St.  
Honolulu, HI 96819  
808-851-7006

### PACIFIC RIM BANK (R)

500 Ala Moana Blvd., Ste. 2-A  
Honolulu, HI 96813  
808-585-9600  
808-457-3910 Fax

### SAEHAN BANK (R,P)

3580 Wilshire Blvd., Ste. 1500  
Los Angeles, CA 90010  
213-388-5550  
213-365-0025 Fax

### SUPERIOR FINANCIAL GROUP (X,PX)

165 Lennon Ln., Ste. 101  
Walnut Creek, CA 94598  
925-296-0500

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684-633-7197 Fax

### BANK OF GUAM (R,EX,X)

P.O. Box BW  
Agana, GU 96932  
671-472-5165  
671-477-5151 Fax

### BANK OF HAWAII (R,P,EX,PX)

P.O. Box BH  
Agana, GU 96932  
671-479-3550  
671-479-3766 Fax

### BANK PACIFIC (R,EX,PX)

P.O. Box 2888  
Agana, GU 96910  
671-472-6704  
671-477-1483 Fax

### CITIBANK, N.A. (R,P,EX)

P.O. Box FF  
Agana, GU 96932  
671-475-4110  
671-475-4119 Fax

### CITIZENS SECURITY BANK (R,P,X,EX,PX)

P.O. Box EQ  
Agana, GU 96932  
671-479-9068  
671-479-9092 Fax

### COMMUNITY FIRST GUAM FEDERAL CREDIT UNION (R)

238 A.F.C. Flores St., Ste. 102  
Hagatna, GU 96910  
671-472-5717  
671-477-5522 Fax

### FIRST HAWAIIAN BANK (R,P,EX,PX)

400 Rte. 8, 2nd Fl.  
Mongmong, GU 96910  
671-475-7885  
671-475-7898 Fax

### BANK OF HAWAII (R,P,EX,X,PX)

P.O. Box 69  
Pago Pago, AS 96799  
684-633-4226  
684-633-7197 Fax

### GOVERNMENT OF GUAM EMPLOYEES FEDERAL CREDIT UNION (R)

121 Robat St.  
Maite, GU 96910-2005  
671-479-8278  
671-477-1167 Fax

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**P = PLP**  
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