



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

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From the Administrator



Steven C. Preston
SBA Administrator

Several American business icons—Apple Computer, Ben & Jerry's, Staples, Intel, Nike and Federal Express to name a few—got their start with assistance from the U.S. Small Business Administration. These companies took advantage of SBA's many resources—business counseling, loan guaranties, information about federal procurement opportunities—and took their great ideas into the marketplace. The rest is history.

The SBA's *Small Business Resource Guide* is another great tool for those working to create a successful company. In its pages you'll find detailed information on SBA's varied assistance programs for small businesses.

Last year the agency made tremendous progress in helping business owners. More than 1.5 million entrepreneurs received business counseling and technical assistance from the SBA, and the agency Web site received 26 million hits. The agency currently guarantees more than \$78 billion in loans and investments. In 2005 the SBA helped small businesses secure almost \$80 billion in prime contracts from government agencies. Meanwhile, we have more than 14,000 counselors from our Small Business Development Centers, Women's Business Centers and SCORE available to small business owners or those trying to start a business.

Such resources are invaluable to small business and are often the gateway to other SBA offerings. This *Resource Guide* serves as a link to the SBA's expanding support network, providing important information about starting and growing a successful business.

President Bush recently said that when people "across the world look at America's economy what they see is low inflation, low unemployment and the fastest growth of any major industrialized nation. The entrepreneurial spirit is alive and well in the United States."

America's economy will continue to depend on the ingenuity and energy of its small business owners. There will be many partners in support of this effort, and SBA is ready to do its part.

The SBA team has worked hard to ensure the information presented in this *Resource Guide* is useful in the starting and growing of your small business. We hope you will seek assistance and advice at one of our many offices nationwide, via the Internet at www.sba.gov or through our extensive network of resource partners.

Steve Preston was unanimously confirmed by the U.S. Senate June 29, 2006, as the 22nd Administrator of the U.S. Small Business Administration. With almost 25 years of experience in financial and operational leadership positions, Preston is committed to serving the small business community.

In his business experience as an executive and as an investment banker, Preston has been deeply involved in small businesses and recognizes the vital role they play in society. Preston most recently served as Executive Vice President of The ServiceMaster Company, where he also served as chief financial officer during a period of expansion, restructuring and significant change in the regulatory environment. He worked extensively on initiatives to improve the customer experience and employee effectiveness through the use of process re-engineering and technology.

Preston graduated with Highest Distinction from Northwestern University with a political science degree, and received an MBA from the University of Chicago Graduate School of Business.

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Message From The District Director

Achieving New Heights in Kentucky Small Business Assistance

SBA helps small business get ready, start, and grow.

The U.S. Small Business Administration's (SBA) Kentucky District Office reached a new annual lending landmark of 1000 loans on September 26, 2007. The District ended the fiscal year on September 30th with a total of 1007 loan guarantees valued at \$146.5 million.

"The SBA Kentucky District Team is pleased to announce that SBA and its lending partners have achieved all-time record breaking performance in small business lending for each of the last four fiscal years 2004-2007," said Steven Ayers, SBA's Kentucky District Director.

Total annual loans have more than doubled over this four year span of time (from the FY03 benchmark year) in Kentucky and SBA will continue to raise the bar in FY08.

Over the last decade, small businesses have generated 60-80 percent of the net new jobs in the national economy and the 3,443 total loan guaranties achieved over the last four years, valued at over a half billion dollars (\$544.5 million), have made a huge positive economic impact in the Kentucky market.

Our resource development partners (Small Business Development Centers (SBDC) and SCORE Counselors) have also provided nearly 66,000 entrepreneurs with business

counseling and technical assistance over this same three year period.

The "Kentucky Small Business Resource Guide" is a most valuable resource for the local small business community and lenders seeking to advertise products and services to targeted and qualified markets.

The Guide is a joint effort with RENI Publishing, a firm that has produced similar publications for many SBA Districts throughout the country. RENI coordinates all advertising and promotion for this Guide.

We are pleased to offer this 2008 edition of the Guide designed to help small businesses find business solutions and locate key public and private sector organizations and individuals. The Guide provides critical information such as:

- SBA guaranteed financing.
- Marketing or business planning advice.
- Other SBA programs and services.
- Free one-on-one business counseling, and more.

An electronic version of this Guide is also available through our web page at: www.sba.gov/ky.

Sincerely,
Steven R. Ayers

*District Director of
SBA's Kentucky District Office*



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



SUCCESS STORY

Mad Science
of Kentucky

OWNER: Andrea Wright

Andrea Wright spent ten years in the field of public education before buying her Mad Science of Kentucky franchise. Owning this business matches perfectly with her love for science and her goal to motivate students to careers in science. Mad Science provides science "edutainment" in the class room, at special events, corporate events, birthday parties, after school programs, etc. The workshops are hands-on and high quality. The company also provides professional development for teachers and school districts as well as science education consulting. Currently, the company is also offering Adopt-A-School science programs to local elementary schools that have been adopted by a corporate sponsor to cover the expense of the program. The Mad Science of Kentucky franchise services 33 Kentucky counties, including Jefferson. Wright worked for the previous Mad Science owner for over a year before she purchased the business in 2002 when he began having health problems. She had a family and knew she could not do it all herself. Seeking help from the Greater Louisville Small Business Development Center, Wright developed a business plan and obtained a SBA guaranteed loan from Stock Yards Bank to buy the business. Lauri Contreras, Vice President of the Small Business Banking Group at Stock Yards Bank, said, "Andrea is a prime example of the benefit of SBA. She has overcome many obstacles to make her business successful. With the passion she has for children and education, it is a joy for me to see her providing such a valuable service to area youth. Being able to assist people like Andrea is what makes my job so fulfilling." Andrea Wright has found a way to fulfill her passion to spark the imaginations of children, creating in them an interest in science and the exploration and discovery of the world around them.

Doing Business in Kentucky

THE KENTUCKY DISTRICT OFFICE

The Kentucky District Office is responsible for the delivery of SBA's many programs and services. The District Director is Steven R. Ayers. The District Office is located at 600 Dr. Martin Luther King Jr. Place, Room 188, Louisville, KY 40202. Office hours are from 8:00 AM until 4:30 PM, Monday through Friday.

CONTACTING THE KENTUCKY DISTRICT OFFICE

For program and service information, please contact the Marketing Division at (502) 582-5971. For information on financing, please contact Phil Danhauer at (502) 582-5971 ext. 243 or e-mail: phillip.danhauer@sba.gov.

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 the Service Corps of Retired Executives (SCORE), Small Business Development Centers (SBDC) and in many

districts, 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 the Business Development Program.

A Women's Business Ownership Representative is available to assist women business owners. Please contact Karen Wright at 502-582-5971 ext. 233 or e-mail: karen.wright@sba.gov.

Special loan programs are available for businesses involved in international trade. Please contact Robert Coffey at 502-582-5971 ext. 266 or e-mail: robert.coffey@sba.gov.

A Veterans Affairs Officer is available to assist veterans. Please contact Tommie Causey at 502-582-5971 ext. 237 or e-mail: tommie.causey@sba.gov.

We Welcome Your Questions

For extra copies of this publication or questions please contact:

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This Guide is also available electronically on our web page.

Website: www.sba.gov/ky

INTRODUCTION

Getting Started

How 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 new 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 or visit one of our local offices for assistance. SBA resources can help organize your thoughts on what type of business you want to open.

How to Use the Resource

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 100 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.sba.gov/about/sba/sbaprograms/sbdc/index.html> for SBDCs or 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, filling out loan applications to finance your business, 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 even 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.

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.

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 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.

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

Franchisees have been active participants in the SBA's small business loan program for many years.

There are primarily two forms of franchising:

- 1) product/trade name franchising and
- 2) business format franchising.

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.

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.

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 for success.

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/ or call your local SBA office.

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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 state's department 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. For home-based businesses, a separate business telephone and bank account are normally required.

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.

WOMEN BUSINESS OWNERS

Women entrepreneurs are changing the face of America's economy. The SBA serves women entrepreneurs nationwide through its various programs and services, some of which are designed especially for women. There are women's business ownership representatives in every SBA district office to help women access all of SBA's programs and services, including loan guaranties, federal contracting opportunities, training, counseling and more. These local representatives can also provide information about other local resources available for women entrepreneurs.

Another valuable tool available for women business owners and entrepreneurs is the Women's Business Center Program, funded in part through a cooperative agreement with the SBA. Located across the country, approximately 100 WBCs provide training, technical assistance, counseling and mentoring specifically to women, especially those who are socially and economically disadvantaged. Mindful of the special needs of women entrepreneurs, the centers try to offer their services at the times and in the places most convenient to economically

challenged women. In addition, some centers provide child care, and many provide their materials in Spanish and other languages, depending on the unique needs of the communities in which they are located. Many classes offered by the centers are either free or offered for a small fee. And often there are scholarships to help those who need them.

If you can't get to a Women's Business Center, the full range of services is available through the SBA's Web site for women entrepreneurs, which provides access to all of the SBA's online services, including its extensive library of information, training courses and electronic tools designed to help small businesses. This site also contains information about the services available in local communities. To find it, click on: <http://www.sba.gov/services/> and choose "Women's Business Centers" from the "Counseling & Assistance" heading at the bottom.

Women's Network for Entrepreneurial Training (WNET)

The Kentucky SBA District Office plans monthly mentoring roundtables for women entrepreneurs. Each month an agenda is set around a particular topic such as the collection of receivables, purchasing or leasing of equipment or marketing. A person with knowledge in the topic area is asked to speak and answer questions. SBA materials on the monthly topic are also distributed and reviewed.

Anyone interested in joining the roundtable should contact Karen Wright at the SBA office (502) 582-5971, ext. 233 or e-mail: karen.wright@sba.gov.

VETERANS BUSINESS DEVELOPMENT

The SBA offers a variety of services to American veterans who have made or are seeking to make the transition from soldier to small business owner. Each of SBA's 69 district offices throughout the country has designated a Veterans Business Development Officer to help veterans prepare and plan for entrepreneurship. The Veterans Business Outreach Program provides 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 management assistance to veterans who are current and prospective small business owners. SCORE also provides resources and counseling services online at: 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 a key 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/

For more information on special government contracting programs for veterans and service-disabled veterans, please check the Contracting Opportunities section of this publication.

NATIVE AMERICAN BUSINESS DEVELOPMENT

The SBA also features programs 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>.

CHOOSING YOUR BUSINESS STRUCTURE

You may operate your business under one of many organizational structures generally chosen for liability and tax reasons. 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 appropriate for different personnel situations. If you're uncertain where to start, 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, this 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 made up of persons who have a charter legally recognizing the corporation as a separate entity having its own rights, privileges and liabilities, apart from those of the individuals

forming the corporation. It's the most complex form of business organization and is comprised of shareholders, directors and officers. The corporation can own assets, borrow money and perform business functions without directly involving the owners. Corporations are subject to more government regulation and have the advantage of limited liability, but not total protection from lawsuits.

Subchapter "S" Corporation

This is a special section of the Internal Revenue Code and 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 information.

LLCs and LLPs

The limited liability company is a popular 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 aimed at professional organizations.

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>.

The nearest SCORE chapter can be located at: www.score.org

To find WBCs, click on:

<http://www.sba.gov/services/> and choose

"Women's Business Centers" from the "Counseling & 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.

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

- Explain your source and the amount of initial equity capital.
- Develop a monthly operating budget for the first year.
- 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, 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.

When you feel comfortable with the content and structure, review and discuss it with your lender. Remember, the business plan is a flexible document that should change as your business grows.

BUSINESS.GOV

Business.gov, the official business link to the U.S. government, is managed by the SBA in partnership with federal agencies providing business-oriented programs and services.

Business.gov helps businesses save time and money spent on regulatory compliance by providing quick and easy access to business laws, government regulations, forms and agency contacts. The Web site also offers compliance guides and a compliance search mechanism.

The compliance guides provide easy access to resources and programs that help businesses understand their regulatory requirements and improve their operations. Organized by Business Area and Industries, these guides provide a one-stop shop for regulatory assistance and include links to clearly written fact sheets, guidelines, answers to frequently asked questions, interactive tools, training resources and contacts at federal regulatory agencies. Business.gov also features a unique search engine which intelligently locates, organizes and retrieves compliance assistance information published by federal regulatory agencies searchable by business topics or industry.

You're just a computer click away from help 24-hours a day at: www.business.gov

SCORE

SCORE is a 10,500-member volunteer association which operates under a cooperative agreement with the U.S. Small Business Administration. SCORE 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 present and prospective small business owners.

A nonprofit association, SCORE has dedicated more than 40 years to helping small businesses succeed.

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.

KENTUCKY SCORE COUNSELING CENTERS
www.score-kentucky.org

Louisville SCORE

600 Dr. Martin Luther King Jr. Pl., Rm. 188
Louisville, KY 40202
502-582-5976 • 502-582-5819 Fax
Contact: Bill Lehmann, Chairman
Office Hours: 9 am to 2 pm Mon.-Fri.
Louiscore75@score-louisville.org

Ashland SCORE

1733 Winchester Ave.
Ashland, KY 41101
606-324-5111 • 606-325-4607 Fax
Contact: Dan Huffman
Hours: By Appointment
bhammond@inicity.net

Bardstown SCORE

310 Xavier Dr.
Bardstown, KY 40004
502-348-0475
Office Hours: 10 am to 1 pm
Each Third Tuesday of the month
by appointment.
bardstown@score-kentucky.org

Big Sandy SCORE - Pikeville

Pike County Chamber of Commerce
787 Hambley Blvd.
Pikeville, KY 41501
606-432-5504 • 606-432-7295 Fax
Contact: Kitty White
Office Hours: 9 am to 6 pm Mon.-Fri.
info@pikecountychamber.org

Bowling Green

Chamber of Commerce Center
710 College St.
Bowling Green, KY 42102
270-781-3200 • 270-843-0458 Fax
Contact: Ed Adkins
Office Hours: 9 am to Noon Tues. Only
bowlinggreen@score-kentucky.org

Elizabethtown

Elizabethtown Community College
600 College Street Rd.
Elizabethtown, KY 42701
270-706-8724 • 270-766-5136 Fax
Office Hours: 9 am to 3 pm Mon.-Fri.
Elizabethtown@score-kentucky.org

LaGrange SCORE Counseling Center

Oldham County Chamber of Commerce
412 E. Main St.
LaGrange, KY 40031
502-222-1635 • 502-222-3159 Fax
Office Hours: 9:00AM-12:00PM
First Tuesday of the month
score@oldhamcountychamber.com

Lexington SCORE

389 Waller Ave., Ste. 130
Lexington, KY 40504
859-231-9902 • 859-253-3190 Fax
Contact: Annie Boone
Office Hours: 9 am to 1 pm Mon.-Fri.
Scorelex@pdqweb.com

London SCORE

Lewis Building
240 Bennett Cir.
London, KY 40741
606-877-2673 • 606-877-2673 Fax
Contact: Rufus Bruner
Office Hours: 10 am to 1 pm Mon.-Fri.
london@score-kentucky.org

Ft. Mitchell SCORE Counseling Center

Northern Kentucky Chamber of Commerce
300 Buttermilk Pike, Ste. 330
Ft. Mitchell, KY 41017
513-684-2812 • 513-684-6355 Fax
Contact: Jack Espelage
Office Hours: By appointment
score@scorechapter34.org

Owensboro SCORE Counseling Center

Chamber of Commerce
200 E. 3rd St.
Owensboro, KY 42303
270-926-1860 • 270-926-3364 Fax
Contact: Jody Wassmer
Office Hours: 9 am to 5 pm Mon.-Fri.
score@owensboro.com

Pennyriple SCORE Counseling Center

Pennyriple Building
1100 S. Main St., Ste. 2
Hopkinsville, KY 42240
270-887-0025 Ext. SCORE
Contact: Bob Milan
Office Hours: By appointment
Hopkinsville@score-kentucky.org

Purchase SCORE Counseling Center

Federal Building
501 Broadway-LL-Ste. B-36
Paducah, KY 42001
270-442-5685
Office Hours: by appointment
Paducah@score-kentucky.org

SCORE's Presence on the Internet

SCORE can also be found on the Internet at www.score.org. SCORE's presence on the Internet makes it possible to reach more small business clients than ever with 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 Cyberchapter, 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 to take advantage of the many services SCORE has to offer your business.

SMALL BUSINESS DEVELOPMENT CENTERS

Small Business Development Centers, in coordination with federal, state, local and private-sector resources, including funding through a cooperative agreement with the SBA, meet the needs of small businesses and promote economic development in local communities by helping create and retain jobs.

As the SBA's largest non-finance program, 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 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.

Their services are available to all small businesses or prospective small businesses.

There are specialized programs for minorities, women, veterans, Reservists, people with disabilities, 8(a) businesses in all stages 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

Kentucky Small Business Development Centers
www.ksbdc.org

KSBD Central Office

UK Center for Entrepreneurship

225 CM Gatton Business & Economics Bldg.
Lexington, KY 40506-0034
859-257-7668 • 859-323-1907 Fax
888-475-SBDC Toll Free
www.ksbdc.org
Becky Naugle, State Director, KSBD
lnnaug0@uky.edu
Gordon Garrett, Associate State Director
gmarr2@uky.edu
David Stevens, Principal Accountant
dsteven@uky.edu
Dee Dee Harbut, Special Projects Director
dharbut@uky.edu
Marge Berge, MIS Manager
mberge@uky.edu
Millinda Fowles, Marketing/Promotions Spec.
mjrumbo@uky.edu

SBDC of the Bluegrass

University of Kentucky
330 E. Main St., Ste. 210
Lexington, KY 40507
859-257-7666 • 859-257-1751 Fax
888-475-7232 Toll Free
Shirrie Mack, Director
smack3@uky.edu
Shawn Rogers, Assistant director
sbrog2@uky.edu
John Zink, MC (PT)
Jmzkn@insightbb.com
Brenda Jones, Admin. Assistant
Bmjone2@uky.edu

Introduction

Elizabethtown SBDC - UK

1105 Juliana Ct., #6
Elizabethtown, KY 42701-7937
270-765-6737 • 270-769-5095 Fax
Patricia Krausman, Director/MC
pkbsdc@kvnet.org
Robin Lebeau, Information Coordinator
Robin.lebeau@uky.edu

Eastern Kentucky University SBDC

675 Monticello St., Ste. 1
Somerset, KY 42501
606-678-3042 • 877-358-7232 Toll Free
Kevin Norvell, Director/MC
Kevin.norvell@eku.edu
John Preston, MC
johnpreston@alltel.net

EKU Campus Office

Business & Technology Ctr., Rm. 27
Eastern Kentucky University
Richmond, KY 40475
606-622-1384 • 606-622-1413 Fax

Greater Louisville SBDC

123 E. Main St.
Louisville, KY 40202-1341
502-625-0123 • 502-625-1181 Fax
Kathleen Hoyer, Director/MC
khoyer@louisvillemallbiz.org
Toni Cardell, MC
tcardell@louisvillemallbiz.org
Janet Sorg, CSC
jsorg@louisvillemallbiz.org

Northern KY University SBDC

Northern Kentucky University
305 Johns Hill Rd.
Highland Heights, KY 41099
859-442-4283 • 859-442-4285 Fax
Carol Cornell, Director
cornellc1@nku.edu

Southeast Kentucky Community and Technical College - Southeast SBDC

Bell County Campus
1300 Chichester Ave.
Middlesboro, KY 40965-2265
606-248-0563 • 606-248-3267 Fax
888-225-SBDC Toll Free
Sam Coleman, Director/MC
Samuel.Coleman@kctcs.edu
Wilma Denny, Admin. Assistant
Wilma.Denny@kctcs.edu

Western Kentucky University - Bowling Green SBDC

Western Kentucky University
1906 College Heights Blvd., Ste. 61086
Bowling Green, KY 42101-1086
270-745-1905 • 270-745-1931 Fax
Richard S. Horn, Director/MC
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Chris Bixler, Training Coordinator
chris.bixler@wku.edu

Satellite Office

BG Housing Authority
247 Double Springs Rd.
Bowling Green, KY 42101
270-843-6071

EAST KENTUCKY DISTRICT

Morehead State University - Pikeville SBDC

3455 N. Mayo Tr., Ste. 4
Pikeville, KY 41501-3298
606-432-5848 • 606-432-8924 Fax
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Linda Casebolt, Admin. Assistant
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Morehead State University - Pikeville SBDC

Paintsville Branch
120 Scott Perry Dr.
Teays Branch Rd.
Paintsville, KY 41240-9000
606-788-6008 • 606-789-5623 Fax
Sabrina Jude, Data Entry Specialist
sk.jude@moreheadstate.edu

Morehead State University - Morehead SBDC

Morehead State University
150 University Blvd./P.O. Box 667
Morehead, KY 40351
606-783-2895 • 606-783-5020 Fax
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Morehead State University - Ashland SBDC

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606-329-8011 • 606-324-4570 Fax
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Morehead SBDC Maysville Office

201 E. Third St.
Maysville, KY 41056
606-564-2707 • 606-564-5535 Fax
Michael Jackson, Consultant
m.jackson@moreheadstate.edu

Morehead SBDC West Liberty Office

151 University Dr.
West Liberty, KY 41472
606-743-4005 ext. 215

WEST KENTUCKY DISTRICT

Murray State University - Owensboro SBDC

3860 U.S. Hwy. 60 W.
Owensboro, KY 42301-0290
270-926-8085 • 270-684-0714 Fax
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Lois Decker, MC
loisdecker@gradd.com
Tricia Hudson, Admin. Assistant
triciahudson@gradd.com

Murray State University - Hopkinsville SBDC

2800 Ft. Campbell Blvd.
Hopkinsville, KY 42240
270-886-8666 • 270-881-9366 Fax
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Gail Scillian, Admin. Assistant
gail.scillian@murraystate.edu

Murray State University - Murray SBDC

Murray State University
Business Bldg. S., Rm. 253
Murray, KY 42071-3314
270-809-2856 • 270-809-3049 Fax
Rosemary Miller, Dir/MC
rosemary.miller@murraystate.edu
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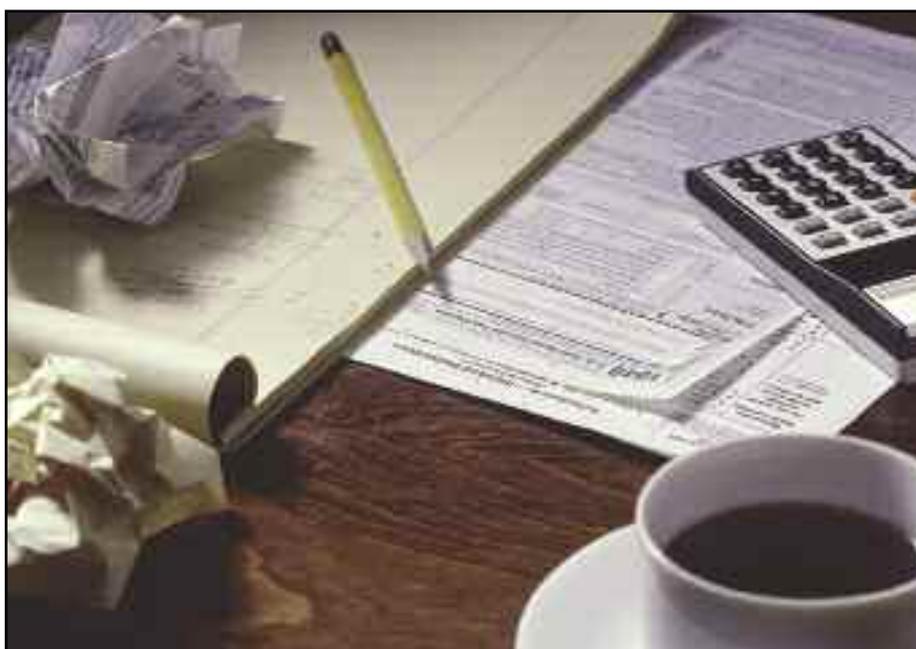
Murray State University - Paducah SBDC

401 Kentucky Ave.
Paducah, KY 42003-1551
270-443-1746 ext. 234 • 270-442-9152 Fax
Thomas Hales, MC
tom.hales@murraystate.edu
Kirby Halsell, Admin. Asst.
khalsell@kyinnovation.com



Knowing the Rules

Paying Attention To Detail Can Save Time and Money



It 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.

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.

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. For additional information, contact:

State Licenses Business Information Clearinghouse

Small Business Services Division
Cabinet for Economic Development
Frankfort, KY 40601
502-564-2064 or 800-626-2250
502-564-5932 Fax
E-mail: cedsbsd@ky.gov

Website for the
Small Business Services Division:
www.thinkkentucky.com/KYEDC/BusStart.aspx

Contacts for licensing specific business:

Kentucky Alcohol Beverage Control Board

1003 Twilight Tr.
Frankfort, KY 40601
502-564-4850
<http://abc.ky.gov>

Child Care

Department of Human Resources,
Licenses & Regulation
10 W. Broadway
Louisville, KY 40202
502-595-4079
<http://chfs.ky.gov/oig/drcc.htm>

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 in which the business is located.

Kentucky Secretary of State

Corporate Division, Capitol Bldg., Rm. 152
Frankfort, KY 40601
502-564-3490 • 502-564 5687 Fax
www.sos.ky.gov

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.

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.

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/business/small/index.html>, click on New Businesses. Faxed applications are processed in four days. The IRS Campus' accepting faxed applications are:

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

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.

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 Internal Revenue Service (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 & 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) Return. You will also be required to file an personal federal income tax return (Form 1040) on your earnings from the corporation based on the W-2 received from your employer.

State Taxes and State Withholding

Kentucky has a state corporation income tax, state corporation organization tax (for businesses incorporating in Kentucky) and a sales tax. For information, contact:

Kentucky Revenue Cabinet

200 Fair Oaks Ln.
Frankfort, KY 40602
502-564-3306
www.state.revenue.ky.gov

FEDERAL PAYROLL TAX

Federal Withholding Tax: Any business employing a person other than the owner 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.

Federal Insurance Contribution Act (FICA): Any business owner who employs one person other than himself must pay the current rate of 6.20 percent on each employee's gross wages, up to \$87,900 for Social Security Benefits and 1.45 percent for Medicare from each wage paid through 2004. The employee contributes from wages, through payroll withholding, 6.20 percent for Social Security Benefits and 1.45 percent for Medicare on all wages paid for 2005. (Consult forms 1040 ES or Publication 15, Circular E.) Call (800) 829-3676 if you have questions.

Both these withholdings (federal withholding tax and FICA tax) require the preparation of a W-2 Form for each employee. The W-2 Form is due once a year and must be prepared, mailed and received by the employee before January 31 of the following year.

Federal Unemployment Tax Act (FUTA): For 2007 the FUTA tax is .8 percent of wages paid during the year. The tax applies to the first \$7,000 you pay each employee as wages during the calendar year. The employer is responsible for paying FUTA tax. It must not be deducted from employee's wages. Form 940 must be prepared and paid by January 31 of the following year. Refer to Circular "E" Employer's Tax Guide, Publication 15 from Internal Revenue Service. Call 800-829-3676 for information.

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 provides free electronic services online at www.socialsecurity.gov/employer/. Once registered for Business Services Online, business owners or their authorized representatives can: file W-2s online, and verify Social Security Numbers through the Social Security Number Verification Service (SSNVS), which can be used for all employees prior to preparing and submitting Forms W-2.

*Changing Communities
Changing Kentucky
Changing Lives*

Small Business and Business Expansion Financing

- SBA Microloans
- SBA 504
- New Markets Tax Credits
- 2007 SBA Kentucky
Microlender of the Year



Community Ventures Corporation

BUSINESS FINANCING SOLUTIONS

Community Ventures Corporation helps people make full use of their talents, skills and energies by providing training and lending services to emerging entrepreneurs in Central Kentucky. Our professional staff of Business Development Specialists assist clients in all phases of business development with lending services and training to both new business owners and existing businesses wishing to expand.

Main Office:
1450 North Broadway
Lexington, KY 40505
(800) 299-0267

Henderson Office:
1990 Barrett Court
Henderson, KY 42419
(270) 826-7196

Louisville Office:
429 South 2nd St.
Louisville, KY 40202
(502) 560-6076

Campbellville Office:
107 West Broadway
Campbellville, KY 42718
(270) 849-2323

www.cvcly.org

Employee Insurance

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

502-564-7456

www.state.ky.us/agencies/wforce

State Unemployment Insurance Tax Division for Unemployment Insurance

275 E. Main St.
Frankfort KY 40601
502-564-5900
www.oet.ky.gov

USCIS

The Federal Immigration Reform and Control Act of 1986 requires all employers to verify the 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 for this process through the Employer Hotline. In addition, USCIS forms and the Employer Handbook can be obtained by calling the Forms Hotline. For forms call 800-870-3676, for the Employer Hotline call 800-357-2099.

Americans With Disabilities Act

For assistance or clarification with the ADA, call 800-669-3362 or visit them at:

<http://www.ada.gov/>

SAFETY & HEALTH REGULATIONS

All businesses with employees are required to comply with state and federal regulations regarding the protection of employees. OSHA 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.

Kentucky Labor Cabinet Occupational Safety & Health

1047 U.S. 127 S.
Frankfort, KY 40601
502-564-3070
<http://labor.ky.gov>

One Stop Environmental Permit Coordinator

Office of Commissioner
Department for Environment Protection
14 Reilly Rd.
Frankfort, KY 40601
502-564-2150
www.environment.ky.gov

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 in which the business is located.

COPYRIGHTS, TRADEMARKS & PATENTS

Federal Registration of Trademarks and Patents

Trademarks are names or symbols used in any commerce that is subject to regulation by state government or the U.S. Congress.

To register a trademark, contact:

Patent & 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 for a term of 10 years. For filing fees or more information about applications for registration of trademark or service mark contact the:

Secretary of State

700 Capitol Ave., Ste. 152
State Capitol
Frankfort, KY 40601
502-564-3490
www.sos.ky.gov

Caution: Federally registered trademarks may conflict with and supersede state registered business and product names. Businesses are encouraged to check for conflicts with federal trademarks.

Copyrights

Copyrights protect the thoughts and ideas of authors, composers and artists. A copyright prevents illegal copying of written matter, works of art or computer programs. In order to ensure copyright protection, the copyright owner should always include notices on all copies of the work. 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

Patents

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>

Product Coding

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

GS1 US

7887 Washington Village Drive, Suite 300
Dayton, OH 45459-8605
937-435-3870

EXPORTING

For information on regulations concerning international trade contact:

U.S. Department of Commerce

Louisville Export Assistance Center
Snyder Bldg., 601 W. Broadway
Louisville, KY 40202
502-582-5066
www.export.gov

U.S. Department of Commerce

Lexington U.S. Export Assistance Center
333 W. Vine St., Ste. 1600
Lexington KY 40507
859-225-7001 • 859-201-1139 Fax

International Trade Office

Cabinet for Economic Development
2300 Capital Plz. Tower, 500 Mero St.
Frankfort, KY 40601
502-564-7140
www.thinkKentucky.com

Kentucky World Trade Center

Kentucky International Convention Center
224 S. 2nd St.
Louisville, KY 40202
502-574-2400
www.kwtc.org

Kentucky World Trade Center

1600 World Trade Center
333 W. Vine St.
Lexington, KY 40507
859-258-3139
www.kwtc.org

Getting Approved

Financing Options To Start Or Grow Your Business



Many 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.

The SBA Resource Guide will discuss the primary business loan programs of SBA and the equity financing program. These are: the 7(a) Loan Program, the Certified Development Company or 504 Loan Program, the MicroLoan Program and the Small Business Investment 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 start or grow a business. The only grants

the SBA is authorized to provide to private businesses are for businesses providing 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. 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 of the analysis before it provides its guaranty to 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 programs 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, including development companies, intermediaries and venture capital firms that make loans to investment capital. 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 of what it lent from SBA 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 loan must be eligible, creditworthy and 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 guaranty two loans with a maximum level of participation at \$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 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 SBA charges the lender a nominal upfront fee to provide its guaranty, and the lender may pass this charge on to the borrower. The fee is based on the total amount of the loan and whether the loan is short-term (12 months or less) or long term (over 12 months). The fee is computed based on the amount that SBA guarantees.

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 over \$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.

* 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 applicable) 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 the SBA will not decline a request to guaranty a loan if the only unfavorable factor is insufficient collateral. 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" listing along the bottom.

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, and businesses involved in gambling or 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 to pay an associate of the business, for floor plan financing, research & development (except for the Energy Loan Program) or to have funds for the purpose of making investments.

Miscellaneous Factors

The fourth factor involves a variety of requirements such as SBA credit elsewhere 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 their initial review. The lender will generally review the credit merits of the request before they decide 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.

How Lenders Apply For a Guaranty

Once the lender (bank, credit union, savings & loan, or other private-sector lender) decides to apply for an SBA guaranty it has several options. It can use standard SBA processing

procedures and have SBA conduct a full analysis of the application the lender submits. This may be beneficial for lenders with limited experience in making SBA loans. Another option available to selected lenders with staff dedicated to making SBA-guaranteed loans is the Preferred Lenders Program where SBA delegates the credit decision to the lender, and SBA will not re-analyze the lender's credit decisions. This results in less overall processing time.

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

PNC Bank Kentucky Inc.

Citizens Plz., 5th Fl.
Louisville, KY 40296
724-837-5514
Jim Frey

National City Bank

P.O. Box 36000
Louisville, KY 40233-6000
317-267-8887
Scott Burns

Fifth Third Bank Of Northern Kentucky *

8100 Burlington Pike
Florence, KY 41042-1212
859-441-3524
Mike Sutton

Chase

111 Polaris Pkwy.
Columbus, OH 43240
614-248-7163
Brian Myers

Irwin Union Bank

9300 Shelbyville Rd., Ste. 1025
Louisville, KY 40222
502-423-7630
Phil Steenberg

Fifth Third Bank

401 S. 4th Ave.
Louisville, KY 40202
502-562-8162
Kathy Pleasant

Unizan Bank

(F/K/A The 1st Natl Bank Of Zanesville)
66 S. Third St.
Columbus, OH 43215
614-462-2806
James Baemel

Edmonton State Bank

213 N. Main St.
Tompkinsville, KY 42167
270-487-6123
Tony High

US Bank, NA

9918 Hibert St., 3rd Fl.
San Diego, CA 92131
502-893-4223
Mike Klein
John Osborne or Mark Gibson

Washington Mutual

F/N/A Bank United
376 E. 400 S., Ste. 110
Salt Lake City, UT 84111
509-525-2191
Ed Narozny

Branch Banking & Trust

5901-C Peachtree Dunwoody Rd.
Atlanta, GA 30328
770-522-0684
Laurence Leopold

Business Loan Center, LLC

415 Beckrich Rd., Ste. 300
Panama City Beach, FL 32407
850-234-5056
Fred Crispen

First Federal Savings Bank Of Elizabethtown

2323 Ring Rd., P.O. Box 5006
Elizabethtown, KY 42702-5006
270-765-2131
Catherine A. England

Paducah Bank

555 Jefferson St.
Paducah, KY 42001
270-575-5796
Kerri Brotherson

South Central Bank

208 S. Broadway
Glasgow, KY 42141
270-651-7466
Brian Clemmons

First Southern National Bank

P.O. Box 628
Lancaster, KY 40444
859-792-2134
Kenny Norton

First Capital Bank

293 N. Hubbards Ln.
Louisville, KY 40207
502-891-4415
Juan Vassallo

Whitaker Bank, Inc

P.O. Box 55439
Lexington, KY 40555
859-543-4000
Ron Rousey

The Peoples Bank

201 N. Bardstown Rd.
Mt. Washington, KY 40047
502-538-6060
Denise Laferty

The Sacramento Deposit Bank

P.O. Box 26
Sacramento, KY 42372
270-736-2212
David Hunter

Regions Bank NA

6637 Roswell Rd.
Atlanta, GA 30328-3103
786-777-6772
Susan Battle

Republic Bank & Trust Co.

661 S. Hurstbourne Pkwy.
Louisville, KY 40202
502-561-7118
Andy Powell

First Kentucky Bank, Inc.

223 S. 6th St.
Mayfield, KY 42066
270-251-4960
Stacy Overby

Integra Bank

P.O. Box 868
Evansville, IN 47705-0868
812-461-5838
Joella Stiles

Hometown Bank of Corbin

P.O. Box 1323
Corbin, KY 40702
606-528-2000
Malissa Shelton

The Bank-Oldham County Inc.

515 S. 1st St.
Lagrange, KY 40031
502-222-2100
Alex Babey

FNB Bank, Inc.

101 E. Broadway
Mayfield, KY 42066
270-251-6058
Pat Bynum

The Huntington National Bank

7575 Huntington Park Dr.
Columbus, OH 43235
614-480-6111

Community Trust Bank

185 Pasadena Dr.
Lexington, KY 40503
859-313-5423
Bob Ferguson

The Commercial Bank

P.O. Box 7
Grayson, KY 41143
606-474-7811
Jack Strother

PBI Bank

949 S. Dixie Hwy.
Munfordville, KY 42765
270-524-7283
Kenneth Kidd

UPS Capital Business Credit

280 Trumbell St.
Hartford CT 06103
860-241-4766
Patrick Kenney

Town & Country Bank and Trust Co.

P.O. Box 305
Bardstown, KY 40004
502-348-3911
Raffo Wimsett

Citizens Commerce National Bank

P.O. Box 1028
Versailles, KY 40383
859-879-9455
David Gyor

Citizens National Bank

855 Central Ave.
Ashland, KY 41105
606-920-7330
David Plants

First Community Bank of Western Kentucky

114 E. Jackson St.
Clinton, KY 42031
270-653-4301
Greg Gunter

Your Community Bank

101 W. Spring St.
New Albany, IN 47150
812-981-7725
Glenn Roney

South Central Bank of Bowling Green, Inc.

1757 Campbell Ln.
Bowling Green, KY 42102
270-782-9696
Mike Haggard

Citizens Union Bank

1830 N. Dixie Highway
Elizabeth, KY 42701
270-747-5282

Commonwealth Bank & Trust

4912 U.S. Hwy. 42
Louisville, KY 40222
502-259-2469
Phil Cooper

Cumberland Valley National Bank

P.O. Box 709
London, KY 40743
606-878-7010
Haskew Hayes

Magnolia Bank, Inc.

651 W. Dixie Ave.
Elizabethtown, KY 42701
270-765-4072
Ken Adams

Planters Bank, Inc.

325 Commerce St.
Clarksville, TN 37040
931-552-0654
Suzanne W. Langford

Wilson & Muir Bank & Trust Co.

107 N. Third St.
Bardstown, KY 40004
502-348-5996
Frank Wilson

Note: *All listed banks are considered statewide Express Lenders except those indicated by (*), whose authority includes their respective service areas.

Patriot Express

The Patriot Express Initiative combines a pilot loan initiative with SBA's traditional small business ownership training for veterans military community members wanting to establish or expand small businesses. 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
- 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>.

Branch Banking & Trust Co.

5901-c Peachtree Dunwoody Rd.
Atlanta, GA 30328
770-552-0684

CIT Small Business Lending

P.O. Box 852
Bardstown, KY 40004
502-350-9257

Citizens Union Bank

1830 N. Dixie Highway
Elizabeth, KY 42701
270-747-5282

Community Trust Bank

185 Pasadena Dr.
Lexington, KY 40503
859-313-5425

Edmonton State Bank

213 N. Main St.
Tompkinsville KY 42167
270-487-6123

Fifth Third Bank

401 S. 4th Ave.
Louisville, KY 40202
502-562-8162

The Huntington National Bank

7575 Huntington Park Dr.
Columbus, OH 43235
614-480-6111

Integra Bank, NA

P.O. Box 868
Evansville, IN
812-461-5838

Irwin Union Bank

140 Whittington Pkwy.
Louisville, KY 40222
502-423-7630

JPMorgan Chase Bank

1111 Polaris Pkwy.
Columbus, OH 43240
614-248-7163

Key Bank, NA

4910 Tiedeman Rd.
Brooklyn, OH 44144
216-813-8332

National City Bank

P.O. Box 36000
Louisville, KY 40233
317-267-8887

The Paducah Bank

555 Jefferson St.
Paducah, KY 42001
270-575-5796

PBI Bank

949 S. Dixie Hwy.
Munfordville, KY 42765
270-524-7283

Planters Bank

325 Commerce St.
Clarksville, TN 37040
931-552-0654

PNC

Citizens Plz.
Louisville, KY 40296
724-837-5514

Regions Bank

250 Riverchase Pkwy.
Hoover, AL 35244
202-560-3344

Republic Bank & Trust

661 S. Hurstbourne Pkwy.
Louisville, KY
502-561-7118

Traditional Bank, NA

49 W. Main St.
Mt. Sterling, KY 40353
859-498-0414

U.S. Bank NA

6010 Brownsboro Park Blvd.
Louisville, KY 40207
502-893-4223

Wells Fargo Bank, NA

1455 W. Lake St.
Minneapolis, MN
512-667-2753

Wilson & Muir Bank & Trust Company

107 N. Third St.
Bardstown, KY 40004
502-348-5996

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 lenders must provide technical assistance to the borrowers under this program.

For more information, contact:

Business Loan Express

415 Beckrich Rd., Ste. 300
Panama City Beach, FL 32407
850-234-5056

Chase Bank

111 Polaris Pkwy.
Columbus, OH 43240
614-248-7163

US Bank

6010 Brownsboro Park Blvd.
Louisville, KY 40207
502-893-4223

Hometown Bank of Corbin

P.O. Box 1323
Corbin, KY 40702
606-528-2000

Paducah Bank and Trust

555 Jefferson St.
Paducah, KY 42001-1088
270-575-5796

Community Trust Bank

185 Pasadena Dr.
Lexington, KY 40503
859-313-5423

PBI Bank

949 S. Dixie Hwy.
Munfordville, KY 42765
270-524-7283

Citizens Commerce National Bank

P.O. Box 1028
Versailles, KY 40383
859-879-9455

Republic Bank & Trust

661 S. Hurstbourne Ln.
Louisville, KY 40223
502-561-7118

Town & Country Bank and Trust

P.O. Box 305
Bardstown, KY 40004
502-348-3911

Traditional Bank

49 W. Main St.
Mt. Sterling, KY 40353
859-498-0414

First Community Bank of Western Kentucky

114 E. Jackson St.
Clinton, KY 42031
270-653-4301

The Springfield State Bank

125 E. Main St.
Springfield, KY 40069
859-336-3939

Citizens National Bank

855 Central Ave.
Ashland, KY 41105
606-920-7330

Edmonton State Bank

213 N. Main St.
Tompkinsville, KY 42167
270-487-6123

Citizens Union Bank

1830 N. Dixie Highway
Elizabeth, KY 42701
270-747-5282

Commonwealth Bank & Trust

4912 U.S. Hwy. 42
Louisville, KY 40222
502-259-2469

Cumberland Valley National Bank

P O Box 709
London, KY 40743
606-878-7010

First Federal Savings Bank

2323 Ring Rd.
Elizabethtown, KY 42701
270-765-2131

Kentucky Trust Bank

200 N. Main
Beaver Dam, KY 42320
270-274-9654

Magnolia Bank

651 W. Dixie Ave.
Elizabethtown, KY 42701
270-765-4072

South Central Bank of Barren Co.

208 S. Broadway
Glasgow, KY 42141
270-651-7466

South Central Bank of Bowling Green

1757 Campbell Ln.
Bowling Green, KY 42104
270-782-9696

Wilson & Muir Bank & Trust Co.

107 N. Third St.
Bardstown, KY 40004
502-348-5996

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

This specialized umbrella loan program is designed to help small businesses meet their short-term and cyclical working capital needs. The CAPLines 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 performed on a speculative basis (without a firm commitment for purchase); finance operating capital by obtaining advances against existing inventory and accounts receivable; and consolidate short-term debt. SBA provides a 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** Finances the short-term, seasonal increases of accounts receivable and 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 general contractors involved in residential or commercial construction or building rehabilitation for resale. 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** 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 and/or accounts receivable. Repayment comes from the collection of accounts receivable or sale of inventory, and this line of credit must revolve. It does require periodic servicing and monitoring of the collateral for which service 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 the costs along to the borrower.

EXPORT TRADE FINANCING

Export Working Capital Program
<http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/index.html>

The SBA's Export Working Capital Program assists lenders in responding to the needs of exporters seeking short-term export working capital. This program enables U.S. exporters to obtain loans that facilitate the export of goods or services. The EWCP supports single transactions or revolving lines. The maximum dollar amount of an export line of credit under this program is \$1.5 million with a 90 percent guaranty. Under certain circumstances the maximum amount of an international trade loan can go up to \$1.75 million. The maximum amount of some export loans can be increased to \$2 million through co-guaranty between the SBA and the Export-Import Bank. 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.

Eligible Buyers

The foreign buyer must be a creditworthy entity located in an acceptable country.

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

- Guaranteed loans must be fully collateralized at all times.
- 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 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 .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 US 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.

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 combines a guarantee for short-term export working capital with a regular term loan. SBA can guarantee up to \$1.75 million, less the amount of SBA's guaranteed portion of other loans outstanding to the borrower under SBA's other financial assistance programs. Loans for facilities and equipment can have maturities of up to 25 years and the guarantee fee and interest rate is the same as for any standard 7(a) loans. Loans for the export working capital portion of the transaction are generally for a term of 12 months, and the borrower negotiates the interest rate and all other fees with the lender. The guaranty fee that SBA charges is the same as the EWCP for a loan of 12 months.

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.

- For refinancing of existing debts structured with unreasonable terms. Only debts originally taken out for the purchase of fixed assets may be refinanced.
- Working capital is not an eligible use of proceeds for the International Trade Loan; however, working capital can be included in a companion 7(a) or Export Working Capital Program loan.

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.

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

Applicants with operations, facilities, or offices overseas, other than those strictly associated with the marketing and/or distribution of products/services exported from the U.S., are not eligible for Export Express or SBAExpress.

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.

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. For additional information, visit:

www.sba.gov/oit/export

Patrick Hayes

Regional Manager,
International Trade Programs
U.S. Export Assistance Center
600 Superior Ave., Ste. 700
Cleveland, OH 44114
216-522-4731 • 216-522-2235 Fax
phayes@mail.doc.gov

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.

Energy and Pollution Control Loan Programs

Two other adaptations of the 7(a) programs resulted in the Energy Loan Program for businesses that make, install and service energy savings devices and the Pollution Control Loan Program for businesses that want to install or operate a pollution control facility.

See www.sba.gov/services, then select "Special Purpose Loans" from the "Financial Assistance" menu along the bottom.

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.

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

The 504 loan is backed by a 100 percent guaranteed debenture sold to investors.

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 only 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); SBA provides a 100 percent guaranteed debenture that finances up to 40 percent of the project costs secured by a subordinate lien on the project assets. 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
- 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.

- 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.

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, then choose "SBA Loans" from the links in the right-hand column. From there, click on "CDC/504 Program." For more information, contact:

Commonwealth Small Business Development Corporation

111 St. James Ct., Ste. 504
Frankfort, KY 40601
502-696-9444

Capital Access Corporation-Kentucky

Bill Fensterer and Susie Redmon
One Riverfront Plz., Ste. 2010
401 W. Main St.
Louisville, KY 40202
502-584-2175

Community Ventures Corporation

Mike Hillock and Bill Moody
1450 N. Broadway
Lexington, KY 40505
859-231-0054

Purchase Area Development District

Norma Pruitt
1002 Medical Dr.
Mayfield, KY 42066
270-247-7171

Horizon Certified Development Company

Andy Young and Mike Crowe
1776 Mentor Ave.
Cincinnati, OH 45212
513-631-8292
Service Area: Kentucky Counties Of Boone, Bracken, Campbell, Gallatin, Grant, Kenton and Pendleton.

Small Business Growth Corporation

Doug Kinley
2401 W. White Oaks Dr.
Springfield, IL 62704
217-787-7557
Service Area: Kentucky Counties Of Ballard, Carlisle, Crittenden, Graves, Livingston, Marshall, Mcracken, Union and Webster.

SBA's 504 Loan Program - "Land and Equipment for Business Growth"

by Steven R. Ayers, Kentucky District Director, U.S. Small Business Administration (SBA)

As successful small business owners look at taking that next step up the growth curve, they search for viable solutions to the challenges they face increasing production capacity. In fact, lining up the fixed assets required to expand and grow the business is a critical success factor in the planning process. It will most definitely drive the "Go" or "No-Go" decision.

SBA's 504 Loan Program for small business fixed asset financing is a viable solution specifically designed to help small businesses take that next step up the growth curve. I'm excited about the new 504 Loan category which is specifically designed to help small businesses in the manufacturing sector. It is appropriately called "Small Manufacturing" and has a maximum loan ceiling of \$4 million.

SBA 504 Loans can be used for purchasing land and constructing new buildings; purchasing and renovation of existing buildings; acquisition and installation of

machinery; and expanding existing facilities. The value proposition of SBA's 504 Loan includes a low down payment requirement (as little as 10 percent), long repayment terms (10 or 20 years), and a fixed, low interest rate. The 504 Loan works best on general projects up to \$5 million and manufacturing projects up to \$10 million.

For example, a \$10 million manufacturing project deal would include 50 percent (\$5 million) financing by a participating bank (could be your bank) secured by a first lien; 40 percent (\$4 million) financing by SBA and one of our Certified Development Company (CDC) partners secured by a second lien; and 10 percent (\$1 million) provided by the borrower as a down payment.

The loan ceiling for a general project SBA 504 Loan is \$1.5 million. Therefore, a \$3.75 million general project deal would include a \$1.875 million (50 percent) participating bank loan; SBA/CDC loan of \$1.5 million (40 percent); and a \$375,000 (10 percent) down

payment provided by the borrower. The two loans would appropriately be secured by first and second liens using the same process described above for manufacturing projects. As you can see, coupled with the competitive terms previously discussed, this is a very viable solution. I am looking forward to seeing many 504 loans this year, especially in the manufacturing sector.

Small Businesses interested in exploring SBA's 504 fixed asset financing solution for their growth needs should contact one of the SBA CDC partners listed above or the SBA Kentucky District Office at (502) 582-5971 www.sba.gov/ky.

We also invite members of the banking community to contact us and find out how easy it is to become a participating bank and help bring the SBA 504 Loan solution to your customers.

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, then choose "SBA Loans" from the links in the right-hand column. From there, click on "Micro Loans."

Buffalo Trace Area Development District

201 Government St./P.O. Box 460
Maysville, KY 41056
606-564-6894
Counties Served: Bracken, Robertson, Fleming, Lewis and Mason.

Community Ventures Corporation

1450 N. Broadway
Lexington, KY 40504
859-231-0054
Counties served: Adair, Anderson, Boone, Bourbon, Boyle, Bullitt, Campbell, Casey, Clark, Davies, Estill, Fayette, Franklin, Gallatin, Garrard, Grant, Green, Hardin, Harrison, Hart, Henderson, Jefferson, Jessamine, Kenton, Larue, Lincoln, Madison, Marion, McLean, Mercer, Nicholas, Pendleton, Powell, Scott, Shelby, Spencer, Taylor, Union, Washington, Webster and Woodford.

Kentucky Highlands Investment Corporation

P.O. Box 1738
London, KY 40743
606-864-5175
Counties served: Bell, Clay, Clinton, Estill, Harlan, Jackson, Knox, Laurel, Lee, Leslie, Letcher, Lincoln, Madison, McCreary, Owsley, Perry, Pulaski, Rockcastle, Russell, Wayne and Whitley.

Mountain Association for Community Economic Development (MACED)

433 Chestnut St.
Berea, KY 40403
859-986-2373
Counties served: Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, McGoffin, Martin, Menifee, Monroe, Montgomery, Morgan, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Rowan, Russell, Wayne, Whitley and Wolfe.

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 firms that make capital available to 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 debt-equity investments and management assistance. The SBIC Program provides funding to all types of manufacturing and service industries. Some investment companies specialize in certain fields, while others seek out small businesses with new products or services because of the strong growth potential. Most, however, consider a wide variety of investment opportunities. For more information contact your nearest SBA office or the Web site at www.sba.gov/services, then choose "Financial Assistance" from the menu below. From there, click on "Equity Capital" and choose "SBA's Investment Program."

Chrysalis Ventures

101 S. 5th St., Ste. 1650
Louisville, KY 40202
502-583-7644

Equal Opportunity Finance, Inc.

50 E. River Center Blvd./P.O. Box 391
Covington, KY 41012
859-815-3434

Kentucky Highlands Investment Corporation

P.O. Box 1738
London, KY 40743
606-864-5175
Counties served: Bell, Clay, Clinton, Harlan, Jackson, Knox, Laurel, McCreary, Pulaski, Rockcastle and Wayne.

Prosperitas Investment Partners, L.P.

3600 National City Tower
101 S. Fifth St.
Louisville, KY 40202
502-584-4008
www.prosperitasfund.com

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 and performance 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 and choose "Services." From there, select "Financial Assistance" and click on "Surety Bond."

Logan Lavelle Hunt Insurance Agency, LLC

11420 Bluegrass Pkwy.
Louisville, KY 40299
John Lavelle
502-499-6880 • 502-499-6947 Fax
johnlavelle@LLHins.com

Van Meter Insurance Company

1240 Fairway St.
Bowling Green, KY 42103
Mike Baas
270-529-3511 • 270-843-8808 Fax
270-991-3413 Mobile
mbaas@vanmeterins.com

SBA QUICK REFERENCE TO SBA LOAN GUARANTY PROGRAMS

Program	Maximum Loan Amount	Percent of Guaranty	Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees	Who Qualifies
7(a) Loans Region 7(a) and PLF	10 million plus (\$1.5 million guaranty)	Maximum guaranty of 75% up to \$1.5 million; 85% guaranty up to \$100,000 or less	Expansion/renewance, new construction, increase in working capital, purchase of real estate, business leasehold improvements, working capital, refinancing debt for consolidating working capital lines of credit, inventory	Depends on ability to repay. Generally working capital & Machinery & Equipment loans covered by up to 5-year terms; real estate up to 20 years	Loans 7 years or less: non-priority - 2.25% per 7 years; prime - 2.0% above S&P 200, 2006 will be higher by 2% for loans of \$25,000 or less, and 1% for loans between \$25,000 and \$50,000. Program guaranty fee based on number of 15 years or more if program doing 1-3 years.	Fee charged on guaranteed portion of loan only; guaranty fee over 1 year: \$150,000 guaranteed or less - 2%; \$150,001 - \$500,000 - 3.0%; over \$500,000 - 3.5%. 1.75% on non-guaranteed over \$1 million. Cap at 1% of 0.884%.	Must be for-profit & have SBA involvement: show good track record, management, or ability to repay. Must be an eligible use of funds.
www.sba.gov/financing/sba/loan/7a.html							
7(a) Express Leader/Investor program to SBA	\$50,000	80%	May be used for working capital or up to 7-year working capital loans (see 7(a))	See 7(a)	Loans \$20,000 or less: prime - 6.5%; \$20,000 - \$50,000 - 4.5%	See 7(a)	See 7(a)
www.sba.gov/financing/leadinvest/sbaexpress.html							
Community Economic Development: Revolving Line of Credit Financial assistance to be used for a new or existing business, acquisition of real estate, or owned by individuals with economic value.	\$250,000	85% of loan up to \$100,000 or less. Loans over \$100,000 receive a 75% guaranty.	See 7(a)	See 7(a)	Same as 7(a) except fee based on credit report based on only 3 years and must be completed in 12 months before 7 years.	2% on guaranteed portion of loan up to \$100,000; 3% on the guaranteed portion of loans over that \$100,000. 1.6% for loan of credit to 12 months.	No SBA application required. Lender designated as a SBA program provider. Lender must adhere to standards for marketing, finance, management and reporting.
www.sba.gov/services/financialassistance/7a/leaderprograms/cecomexpress/index.html							
Participating Lender Lender approval loan paperwork for SBA	\$50,000	Maximum guaranty of 85% up to \$15,000; 80% guaranty over \$15,000 or less	Same as SBA Express	See 7(a)	Same as Region 7(a)	See 7(a)	See 7(a). In addition, and subject to the lender's discretion, the following groups: veteran, minority, women, minority or veteran-owned business, or a member of a national business organization or a member of a national or state-level association of a business industry.
www.sba.gov/services/financialassistance/7a/leaderprograms/pe/index.html							
CAFLines StartUp/ Revolving Line of Credit General Funded Guaranteed Good Asset Based	\$7 million (small new loans up to \$30,000)	75% if more than \$100,000 85% if less than \$100,000 or less	Finance related working capital needs, and operations, or start-up costs, advance against working inventory and receivables, or purchase of other new tools.	Up to 5 years	Same as 7(a) except fee based on credit report based on 3 years or less, but fee discounts to SBA required.	See 7(a)	See 7(a) Good Asset Based
www.sba.gov/financing/loan/financing/CAFLines.html							
Merchant Cash Advance	\$2 million (SBA's working capital line plus 1 year advance may have \$1.7 million combined guaranty)	75% if more than \$100,000 85% if less than \$100,000 or less	It may not be used solely for the expansion of operations, fixed assets or the refinancing of debt for these purposes. General working capital loans may be used for working capital needs associated with a retail store.	Up to 20 years	See 7(a)	See 7(a)	Small businesses (see 7(a)) that qualify as engaged preparing to engage in international trade may be eligible for assistance from SBA.
www.sba.gov/financing/loan/program/tradefunds.html							
Short-Term Working Capital Program 1 page application, not financial, only apply for program's loan limit.	\$2 million (may be combined with International Trade loan)	87% up to \$1.5 million maximum guaranty	Short-term working capital needs for working	Maximum single revolving cycle or guaranty 1 year for 180 days	10-100	See 7(a)	Small businesses (7(a)) for other use than loans from SBA need short-term working capital.
www.sba.gov/financing/loan/program/wcp.html							
Non-Tax Loans Microloan Loans through nonprofit lending organizations or financial institutions used also provided	\$25,000 (not less than 10% of total business loan)	Not applicable	Purchase Machinery & Equipment, Real Estate, working capital, inventory, leasehold improvements, finance, non-purchase related Working Capital. Cannot be used to repay existing debt.	Short-term (variable) up to 2 years	Variable rate - alternative	No guaranty fee	Same as 7(a)
www.sba.gov/financing/sba/loan/microloan.html							
504 Loan Provided through Certified Development Company (CDC) and guaranteed by SBA.	\$5.4 million maximum (maximum loan \$1.5 M to \$4.0 M depending on project)	Project Cost limited by 504 loan up to 42% Lender 50% Equity 10-30%	Long-term fixed asset purchase. Lender participation. Funding secured by title in or deed assets. 504 loan provided through SBA 100% guaranteed otherwise rate to interest a loan rate secured by 2nd lien.	504 Loan: 10- or 20-year term. Lender participation may have a share rate.	Fixed rate or 504 Loan substituted when business banking rate is set. Collateral requirement priority for 12-18 months.	3.75% if not less than SBA or the CDC participation and CDDing guaranty fee 3% (2006) or 3.25% if private CDC. CDDing fee 1% does not change during term.	For-profit businesses that do not exceed \$7.5 million in sales and net worth and do not have foreign restrictions over \$2.5 million per 2 years.

U.S. Small Business Administration • Your Small Business Resource • Information current as of July 2007 • 504 programs and services are provided on a non-discriminatory basis • RCS 2007

BUSINESS PREPARATION

Small Business Training Network

How To Get Equipped With Business Intelligence



Throughout its history, the SBA has complemented its financial assistance programs with resources aimed at helping small business owners gain skills required to start, manage and grow a small enterprise.

The nearly 60 publications listed in its Resource Directory for Small Business Management include titles related to business planning, financial management, management and planning, marketing, products/ideas/inventions, personnel management, crime prevention and emerging business.

The publications are now available for downloading from the SBA's Web site at: www.sba.gov/tools. Select "Publications" from the "Library & Resources" menu along the bottom.

SBA Small Business Training Network

The Small Business Training Network is a virtual campus complete with courses and programs to help the small business owner.

The SBTN reaches new markets and trains small business clients in a changing global environment. The on-line classroom features easy-to-use, electronic business courses available 24 hours-a-day. The network provides interactive, easily accessible courses on topics most in demand by small business clients.

The SBTN includes several key components:

- Online courses and resource areas
- SBA online courses
- Library & online research materials
- Access to business counselors

On this site, you can read articles, take courses, or begin researching areas of small business development that interest you. Or, through a SCORE Cyber-Chapter, you can access via e-mail business advice on an issue that you're struggling with today.

Now featured in the network are four new eCommerce resources, designed to help small businesses increasingly influenced by the Internet and other emerging technologies.

The SBTN can be accessed from SBA's Home Page at:

<http://www.sba.gov/services/>, Then choose "Online Training" from the menus across the bottom.

CONTRACTING OPPORTUNITIES

Partnerships Work

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

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, review prime contractors' subcontracting plans, 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 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 work with agencies to ensure subcontracting with small and small, disadvantaged businesses 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 successful offeror. 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/index.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 (CCR) 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

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, or Community Development Corporation or an agricultural cooperative, or 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 the 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:

www.sba.gov/hubzone/

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 equal access to the resources necessary to develop their businesses and improve their ability to compete on an equal basis 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 operated by an individual(s) who is socially and economically disadvantaged
- established for two full years before applying (or qualifying for a waiver of the two-year rule)

Social disadvantage:

Social disadvantage 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: www.sba.gov/8abd/indexprograms.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 or participant and the equity in the primary residence.

Day-to-Day Management:

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

For additional information on the 8(a) Business Development Program, please visit: www.sba.gov/8abd/

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 SDB Certification and Eligibility, visit the SDB Web site at: 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.

This is one example of how the SBA utilizes technology such as the Internet to simplify the interaction between small business and the federal government.

You may access the electronic 8(a)/SDB application by visiting:

<https://sba8a.symphlicity.com/applicants/guide>

If you are having difficulty with SBA's General Login System (GLS), please contact 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 are having difficulty with the Dynamic Small Business Search (DSBS), please contact Robert.Connolly@sba.gov.

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

8(a) Business Development E-application, please contact 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>.

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 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.

For more information about SBA's Service-Disabled Veterans Business program, visit <http://www.sba.gov/aboutsba/sbaprograms/ovbd/index.html>.

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, 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.

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.

For more information on the SBIR Program, please visit:

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

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>.

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>

Disaster Assistance

Knowing the Types of Assistance Available for Recovery



The SBA's Disaster Assistance Program is the only federal program providing loan assistance to homeowners, renters and businesses following disasters. The program provides eligible applicants with certain financial assistance only after an affected area is declared a disaster by the President or the Administrator of the SBA. This loan program is intended for funding of private-sector, non-agricultural losses for which the victims are uninsured or underinsured.

Eligibility is determined by review of a business' or an individual's financial situation as reviewed against established SBA guidelines. A low interest rate (not to exceed 4 percent) is available to applicants without credit available elsewhere; a higher rate (not to exceed 8 percent) is available to applicants with credit available elsewhere.

Physical Disaster

Loans are available to businesses and homeowners and renters. Loans are available to qualified business applicants of any size for uninsured or underinsured disaster losses of up to \$1.5 million. Businesses may use these funds to replace or repair real estate, equipment, fixtures, inventory, and leasehold improvements to pre-disaster condition. Homeowners receive loans, up to \$200,000 for real property losses to repair or restore a primary residence to pre-disaster condition. Homes which are not primary residences are ineligible. Qualified renters and homeowners may also obtain loans for uninsured or

underinsured personal property losses up to \$40,000 to repair or replace personal property such as clothing, furniture, cars, etc. Loans are not intended to replace extraordinarily expensive or irreplaceable items such as antiques, pleasure craft, recreational vehicles or fur coats.

Economic Injury Disaster Loans

Loans of up to \$1.5 million are available for small businesses only which sustain economic injury as a direct result of the disaster event. These working capital loans are intended to be made to small businesses, without credit elsewhere, to help pay ordinary and necessary operating expenses that would have been payable barring the disaster event. Businesses may receive combined EIDL and physical disaster loans up to \$ 1.5 million, unless the business meets the federal criteria as a major source of employment. In that event, the \$1.5 million may be waived when appropriate application is made and documentation provided.

Military Reservist Economic Injury

During Title 10 activations, loans are available to \$1.5 million to assist eligible small businesses to meet their ordinary and necessary operating expenses that they could have met, but are unable to meet, because an essential employee, including the owner, 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.

More information is at:

<http://www.sba.gov/services/disasterassistance/index.html>, then choose from the topics under "Disaster Assistance" at the center of the page.

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, 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.



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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/services, then select "Small Business Advocacy" from the "Laws & Regulations" column at the bottom.

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 National Ombudsman receives comments 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 how federal agencies have treated small businesses.

To request help, send the National Ombudsman a completed 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 [In Kentucky]

OTHER SOURCES OF ASSISTANCE

Chambers of Commerce

Chambers of Commerce serve as a central location where the local small business community may obtain information, publications and contact information.
www.kychamber.com

Other Resources

Kentucky Procurement Assistance Program

Central Service Center
Capital Plz. Twr.
500 Mero St.
Frankfort, KY 40601
800-838-3266
ced.kpap@ky.gov

Louisville Service Center

123 E. Main
Louisville, KY 40202
502-625-0158

The Craft Marketing Program

The Craft Marketing Program provides assistance to Kentucky residents, individuals, or groups wanting to develop as craft professionals through economic opportunities and training to other outside entities (e.g. craft retailers, craft and art organizations, community and government agencies), and the general public.

The Craft Marketing Program is a division of the Kentucky Arts Council / the Commerce Cabinet. For additional information contact:
Charla Reed

502-564-3757 Toll Free
888-592-7238 (KY CRAFT)
charla.reed@ky.gov
www.kycraft.ky.gov



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SCORE[®]
Counselors to America's Small Business



The United States Small Business Administration (SBA) is a federal agency that provides support and assistance to small businesses. It is a part of the U.S. Department of Commerce.



PREFERRED AND CERTIFIED LENDERS

[In Kentucky]

PNC BANK KENTUCKY INC

Citizens Plz., 7th Fl.
Louisville, KY 40296
724-837-5514
Jim Frey

NATIONAL CITY BANK

P.O. Box 36000
Louisville, KY 40233-6000
502-581-6314
317-267-8887
Scott Burns

WACHOVIA SMALL BUSINESS CAPITAL

8910 Purdue Rd., Ste. 480
Indianapolis, IN 46278
317-616-3858
Jeffrey Berens

US BANK, NA

9918 Hibert St., 3rd Fl.
San Diego, CA 92131
502-893-4223
Mike Klein
John Osborne and Mark Gibson
6010 Brownsboro Park Blvd., Suite C
Louisville, KY 40207

REGIONS BANK, NA

250 Riverchase Pkwy. RCS 1, BLC
Hoover, AL 35244
205-560-3344
David Lee

COMERICA BANK

55 River St.
Santa Cruz, CA 95060
831-460-1700
Jeff Payne

IRWIN UNION

140 Whittington Pkwy., Ste. 100
Louisville, KY 40222
502-423-7630
Phil Steenbergen

UNITED MIDWEST SAVINGS BANK

33 N. 3rd St., Ste. 620
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614-225-9730
Joe Arie

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859-498-0414
Spears Stiliz

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Hartford, CT 06103
860-241-4767
Patrick Kenney

COMMUNITY SOUTH BANK

43 Robin Ln.
Bedford, KY
502-268-9010
Barry M. Durrett

THE HUNTINGTON NATIONAL BANK

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Columbus, OH 43235
614-480-6111

TEMECULA VALLEY BANK

27710 Jefferson Ave.
Temecula, CA 92590
951-694-8096
Stephanie Bitters

UNITED CENTRAL BANK

4555 W. Walnut St.
Garland, TX 75042
972-487-1505
George Martin

BANCO POPULAR NORTH AMERICA

9600 W. Bryn Mawr
Rosemont, IL 60018
847-994-6811
Richard Stiles

COMMERCE BANK

One Royal Rd.
Flemington, NJ 08822
800-722-2005
Thomas Ort

INTEGRA BANK

P.O. BOX 868
Evansville, IN
812-461-5838
Joella Stiles

FIRST CHATHAM BANK

6008 Brownsboro Park Blvd., Ste. D
Louisville, KY 40207
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Jonathan Handmaker

Note: *All listed banks are considered statewide Express Lenders except those indicated by asterick (*), whose authority includes their respective service areas.

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Florence, KY 41042-1212
859-283-8222
Mike Sutton

BUSINESS LOAN CENTER, LLC

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Panama City Beach, FL 32407
850-234-5056

CHASE

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Columbus, OH 43240
614-248-7163
Brian Myers

CIT SMALL BUSINESS LENDING

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Dedra Ford

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Louisville, KY 40202
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Kathy Pleasant

WELLS FARGO

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Minneapolis, MN 55479
612-667-2753
Thomas Burke

BRANCH BANKING & TRUST CO.

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Atlanta, GA 30328
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